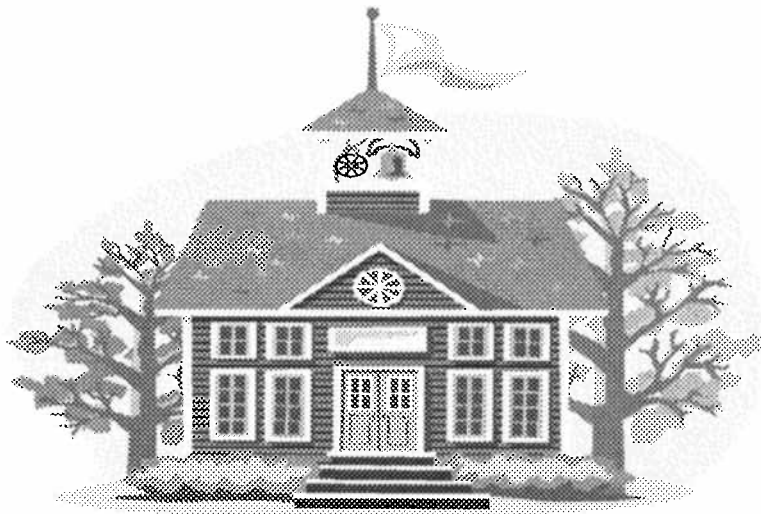


SCHOOL DISTRICT

OF

KENILWORTH



**KENILWORTH BOARD OF EDUCATION
KENILWORTH, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

KENILWORTH BOARD OF EDUCATION

KENILWORTH, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

PREPARED BY

**KENILWORTH BOARD OF EDUCATION
FINANCE DEPARTMENT**

KENILWORTH SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1 to 9.
Roster of Officials	10.
Consultants and Advisors	11.
Organizational Chart	12.
FINANCIAL SECTION	
Independent Auditor's Report	13 to 15.
Required Supplementary Information – Part I	
Management's Discussion and Analysis	16 to 22.
<u>Basic Financial Statements</u>	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	23.
A-2 Statement of Activities	24 & 25.
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	26.
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	27 & 28.
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29.
Proprietary Funds:	
B-4 Statement of Net Position	30.
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	31.
B-6 Statement of Cash Flows	32.
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	33.
B-8 Statement of Changes in Fiduciary Net Position	34.
Notes to Financial Statements	35 to 52.

KENILWORTH SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund	53 to 64.
C-1b Budgetary Comparison Schedule – General Fund – Education Jobs Fund	N/a
C-2 Budgetary Comparison Schedule – Special Revenue Fund	65.
Notes to the Required Supplementary Information	
C-3 Budget to GAAP Reconciliation	66.
Other Supplementary Information	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	67 to 69.
E-2 Demonstrably Effective Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-3 Early Childhood Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures – Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures – Budgetary Basis	N/A

KENILWORTH SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	70.
F-2 Summary Schedule of Project Revenues, Expenditures, and Changes In Fund Balance – Budgetary Basis	71.
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Renovation to Elementary Schools	72.
G. Proprietary Fund:	
Enterprise Fund:	
G-1 Schedule of Net Position	N/A
G-2 Schedule of Revenues, Expenses and Changes in Fund Net Position	N/A
G-3 Schedule of Cash Flows	N/A
Internal Service Fund:	
G-4 Schedule of Net Assets	N/A
G-5 Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	73.
H-2 Statement of Changes in Fiduciary Net Position	74.
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	75.
H-4 Payroll Agency Fund Schedule of Changes in Assets and Liabilities	76.
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	77.
I-1a Schedule of Loans Payable	N/A
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	78.

KENILWORTH SCHOOL DISTRICT

TABLE OF CONTENTS

Page

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1 Net Position by Component	79.
J-2 Changes in Net Position	80 & 81.
J-3 Fund Balances – Governmental Funds	82.
J-4 Changes in Fund Balances – Governmental Funds	83.
J-5 General Fund Other Local Revenue by Source	84.

Revenue Capacity

J-6 Assessed Value and Estimated Actual Value of Taxable Property	85.
J-7 Direct and Overlapping Property Tax Rates	86.
J-8 Principal Property Taxpayers*	87.
J-9 Property Tax Levies and Collections	88.

Debt Capacity

J-10 Ratios of Outstanding Debt by Type	89.
J-11 Ratios of General Bonded Debt Outstanding	90.
J-12 Direct and Overlapping Governmental Activities Debt	91.
J-13 Legal Debt Margin Information	92.

Demographic and Economic Information

J-14 Demographic and Economic Statistics	93.
J-15 Principal Employers	94.

Operating Information

J-16 Full-time Equivalent District Employees by Function/Program	95.
J-17 Operating Statistics	96.
J-18 School Building Information	97.
J-19 Schedule of Required Maintenance Expenditures by School Facility	98.
J-20 Insurance Schedule.	99.

*Private citizens should be listed as Individual Taxpayer 1, Individual Taxpayer 2, etc.

KENILWORTH SCHOOL DISTRICT

TABLE OF CONTENTS

Page

SINGLE AUDIT SECTION

K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	100 & 101.
K-2	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	102 to 104.
K-3	Schedule of Expenditures of Federal Awards, Schedule A	105.
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	106.
K-5	Notes to Schedules of Awards and Financial Assistance	107 to 109.
K-6	Schedule of Findings and Questioned Costs	110 to 114.
K-7	Summary Schedule of Prior Audit Findings	115.

INTRODUCTORY SECTION

Dr. Scott Taylor
Superintendent

Tiffany Moutis
Assistant Superintendent



Vincent A. Gonnella
School Business Administrator/
Board Secretary
Ext. 550

Kenilworth Public Schools
Office of the School Business Administrator/Board Secretary
www.kenilworthschools.com
426 Boulevard
Kenilworth, New Jersey 07033
908-276-1644

December 2, 2013

Honorable President and
Members of the Board of Education
Kenilworth School District
County of Union, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Kenilworth School District (District) for the fiscal year ended June 30, 2013 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments," and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

*Taylor/Gonnella to Board of Education
December 2, 2013*

1) REPORTING ENTITY AND ITS SERVICES:

The Kenilworth School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Board and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular as well as special education for handicapped youngsters. The District's enrollment as of October 15, 2012 was 1,400 students. The following details the changes in the student enrollment of the District over the last ten years using an October 15th count:

FISCAL YEAR	October 15th Enrollment	Enrollment % Change
2012 - 2013	1400	5.8%
2011 - 2012	1323	0.53%
2010 - 2011	1316	(3.73%)
2009 - 2010	1367	4.03%
2008 - 2009	1314	(2.38%)
2007 - 2008	1346	2.28%
2006 - 2007	1316	(3.16%)
2005 - 2006	1359	6.09%
2004 - 2005	1281	1.18%
2003 - 2004	1266	2.51%
2002 - 2003	1235	7.48%
2001 - 2002	1149	6.09%
2000 - 2001	1083	3.54%
1999 - 2000	1046	6.30%
1998 - 1999	984	5.80%
1997 - 1998	930	37.98%
1996 - 1997	674	(3.44%)
1995 - 1996	698	6.24%
1994 - 1995	657	2.01%
1993 - 1994	644	6.62%
1992 - 1993	604	(3.20%)
1991 - 1992	624	5.40%
1990 - 1991	592	(3.26%)
1989 - 1990	612	----

You may note that the Board is directly responsible for overseeing high school-aged students attending the Brearley School; the data shows a dramatic change from the K-8 data. The 1997-1998 data was the new base for enrollment, you will note a more "normal" change since the 1997-1998 school year. The major shift in responsibility was a common theme throughout the annual audit and financial reports, making any comparison between past school years and those school years very difficult without a detailed breakdown. The 1997-1998 school year's figures would not be a true picture for future analysis due to the large cost of establishing the

*Taylor/Gonnella to Board of Education
December 2, 2013*

high school for the first school year. However, the 2012-2013 figures are more in line with what should be a normal statistical year.

2) ECONOMIC CONDITION AND OUTLOOK:

The Kenilworth area has seen the effects of the downturn in the global economy.

Currently, the increases to state aid reductions have assisted to stabilize the overall tax rate, while staying within the State mandated restrictive cap on expenditures. The increase in state aid is a combination of increased Equalization Aid, and an increase in Interdistrict School Choice Aid. In addition, the Board continues to look to other revenue sources while actively containing expenditures. Funding beyond the current school year does not look favorable for the district due to the overall economic conditions which prevail in the State and are expected to remain flat.

The community remains a vital part of the Board's success; it provides financial support to the Board in addition to the numerous volunteer activities conducted by parents and community members. In December 2008, the community passed a \$13.9 million facility referendum which greatly enabled the district to maintain its facilities in a safe and economic manner. In April 2011, the community approved the 2011-2012 school budget.

With changes in the election laws, in February 2012, the Board of Education authorized the change in the election cycle from April to November. As a result, the Board needed to submit a budget for review to the Executive County Superintendent. Once approved and a public hearing was held on the budget, the Board of Education adopted the budget. Since the budget was under the 2% mandatory cap on tax levy, no voter approval was necessary.

STATUS OF FACILITIES:

With the dissolution of the Union County Regional High School District #1 on June 30, 1997, the Board assumed control of the David Brearley School. The Brearley School is a 150,267 square foot facility built for high school education in the 1960's, with additions in the 1970's. The school has housed grades 7-12 since the 1997-98 school year. The Warren Harding Elementary School houses the district's Pre-K to grade 6 population. The Harding School is a 90,500 square foot facility built in 1923 with major additions in the 1950's, 1960's and 1970's.

COMPREHENSIVE MAINTENANCE SUMMARY:

The Board firmly believes the upkeep of its school facilities is a vital role of the Board and emphasizes providing a clean, safe atmosphere for student learning.

Consistent with maintaining buildings at a level of excellence and Kenilworth standards, a total of \$219,959 was spent on Renovations/Repairs to the Harding and Brearley facilities during the 2012-2013 school year:

*Taylor/Gonnella to Board of Education
December 2, 2013*

Harding School:

Repair of Building & Equipment	\$62,398	
Instructional Equipment Repairs	<u>\$0</u>	
		\$62,398

Brearley School:

Repair of Building & Equipment	\$52,883	
Instructional Equipment Repairs	\$1,242	
		\$54,125

District Level:

Upkeep of Grounds (No Salaries)	\$31,948	
Asbestos Management	\$0	
Contracted Services Maintenance	\$32,101	
Maintenance Supplies & Materials	\$19,077	
Maintenance Agreements	<u>\$20,310</u>	
		<u>\$103,436</u>
Total		<u>\$219,959</u>

STATUS OF LONG-RANGE FACILITY PLAN (N.J.A.C. 6:22-7.1):

The Board of Education revised its Five-Year Facility Plan that was submitted to the Department of Education in December 2000. The Department of Education has completed its preliminary review of the plan and has found it to be complete. On November 1, 2001, the Board of Education submitted an updated Long Range Facilities Plan to the Department containing an inventory of the 40 building systems delineated in the plan. The Board of Education updated the Long Range Facilities Plan for submission to the Department of Education in the Fall of 2005. On May 23, 2007, the district was notified that the plan was reviewed for completeness and was now under technical review. In 2008, the district amended the plan to include projects intended for the scheduled facility referendum in December 2008. The district received approval on the amended plan on September 8, 2009.

The district held a facility referendum in December 2008. The \$13.9 million question was approved by the community. Planning for the implementation of the project began immediately. The Harding and Brearley Schools are aging and some of the major systems are beginning to show their age. Increased concerns from external security threats need to be seriously considered and modifications to facilities need to be made accordingly. The Board has developed a facility plan to address these deficiencies and restore the facilities to the pristine and safe level expected of the community. The projects being targeted are not glamorous in nature or clearly evident with the naked eye. Targeted projects for the referendum include windows, roofs, doors, and upgrades to electrical systems and ventilation systems.

These projects emphasized safety, security and upgrading the aging systems. Students spend more than 7 hours a day, 180 days a year, for 14 years in our facilities; it is imperative that they continue to be in a safe and secure environment for learning.

*Taylor/Gonnella to Board of Education
December 2, 2013*

The projects were implemented over the summers of 2009, 2010, 2011 and 2012, with expected completion in 2013.

Summer 2009 completed projects included window replacement at Brearley, new interior classroom doors with special safety locks in both buildings, replacement & upgrades to the ventilation systems in both buildings to improve indoor air quality, fire department connections and sprinkler systems in both buildings, upgrades to the buildings fire alarm systems and a new roof for Brearley's auditorium.

Summer 2010 completed projects included roof replacements on the Harding and Brearley Schools, extensive site work including an expansion of the Harding School faculty parking lot and construction of a drop-off loop with additional parking in the front of Harding School, new signage for Brearley, expansion and complete renovation of the locker room facilities at Brearley and the building of an addition to house the athletic training facilities.

Summer 2011 completed projects included renovations to the Brearley Library and extensive site work on the Brearley campus including a redesign and expansion of the parking lot and replacement of sidewalks.

Summer 2012 completed projects included renovations to the Harding Library.

STATUS OF REQUIRED ANNUAL HEALTH AND SAFETY REVIEW:

The Head of Maintenance conducted annual and monthly inspections of the building. The School Business Administrator conducted an annual inspection of the buildings. The two building principals have conducted "Checklist Report: Evaluation of School Buildings Indicator 7.6" which are included in this submission. All health and safety matters of an immediate nature were taken care of. All required health and safety certificates are on file in the boiler room and the school cafeterias. The three-year reinspection and update of the Asbestos Management Plan for Harding School was conducted in 1992, and updated in 1995. In 2012 a three-year reinspection was conducted on both the Harding and Brearley facilities, along with major updates to the plan.

3) MAJOR INITIATIVES INSTRUCTIONAL PROGRAM:

The Kenilworth Public School District has operated as a Pre K-12 system since July 1, 1997. The school district continues its quest toward excellence through assessment and refinement of the educational programs and the continuation of extra-curricular opportunities for its students.

The school district was deemed a high performing school district in 2013 by the New Jersey Department of Education as evidenced by an 80% score via the New Jersey Quality Single Accountability Continuum (QSAC) monitoring process. This is the second time Kenilworth has been considered a high performing district upon completion of QSAC monitoring.

District goals in 2012-2013 were purposed to fostering a high level of performance at both Harding and Brearley Middle-High Schools. The goals focused on aligning curricula to the national standards (Common Core State Standards), providing high-quality professional development for faculty with the intent that such training will promote student achievement, and promotion of individualized learning experiences for all of

*Taylor/Gonnella to Board of Education
December 2, 2013*

Kenilworth's students.

Harding Elementary School teachers revamped the math program in Grades K-5 and began using a new math program called Go Math that is aligned to the Common Core Standards. A school-wide emphasis on providing individualized instruction in small group settings allowed for the differentiation of instruction on a much greater scale. The high school's math and language arts curricula was also aligned to the national standards. Students served in both subject areas now use new textbooks that include a more diverse collection of high-interest novels. In the area of history, a greater focus has been placed on Kenilworth history as the social studies department in the district revised its Grades 7-11 program. The capstone course for this program will have every Kenilworth young adult engaged in critical analysis of current issues around the world in a class called "Global Studies." Other curricula revised in 2012-2013 are the middle school's Quest Program (a social-emotional skills building class) and the Harding Elementary School gifted and talented program.

To provide more individualized learning experiences for Kenilworth's children, the middle-high school greatly enhanced its Personalized Student Learning Portfolio program to include all grades 7-12. Two other specialized learning programs launched at David Brearley target young adults' specific learning requirements and career interests. The Alternative Classroom Experience (ACE), one of the new programs, helps adolescents recover high school credit they may not have acquired during the regular school day. The other newly implemented program, the Kenilworth Scholars' Academy, enrolls Grades 7-9 students looking for a "university-level" experience with a focus on the science, technology, engineering, mathematics and art fields (STEM-A). Both learning experiences address the needs of two student populations who often go underserved in school districts around the country.

The by-product of the implementation of the ACE and Scholars' Academy programs is the creation of smaller and more intimate learning environments that provide Kenilworth's children and adolescents with the highly individualized academic, social, and emotional attention they deserve. Plans for expanding ACE and the Scholars' Academy models are already underway as Brearley gets set to open the Kenilworth Arts Academy in 2014-2015. A third academy is slated for development in 2015-2016 and will tap into student interests related to the sports management field.

4) INTERNAL ACCOUNTING CONTROLS:

The Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of the costs and benefits requires estimates and judgements by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District Management.

*Taylor/Gonnella to Board of Education
December 2, 2013*

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital project fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2013.

6) ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

7) FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2013 and the amount and percentage of increases in relation to prior year revenues:

REVENUES

	<u>2011-2012</u>	<u>2012-2013</u>	<u>% of Total</u>	<u>+/- Dollars</u>	<u>+/- Percent</u>
Local Tax Levy	\$ 16,898,338	\$ 16,935,309	68.27%	36,971	0.22%
Other Local Rev.	\$ 596,173	\$ 510,803	2.06%	(85,370)	-14.32%
State Sources	\$ 5,835,640	\$ 6,871,595	27.70%	1,035,955	17.75%
Federal Sources	\$ 609,467	\$ 487,204	1.96%	(122,263)	-20.06%
	<u>\$ 23,939,618</u>	<u>\$ 24,804,911</u>	<u>100.00%</u>	<u>865,293</u>	<u>3.61%</u>

*Taylor/Gonnella to Board of Education
December 2, 2013*

EXPENDITURES:

	<u>2011-2012</u>	<u>2012-2013</u>	<u>% of Total</u>	<u>+/- Dollars</u>	<u>+/- Percent</u>
Current: Instruction	\$ 9,737,173	\$ 10,376,853	42.26%	639,680	6.57%
Current: Undistributed	\$ 12,314,532	\$ 13,003,595	52.95%	689,063	5.60%
Capital Outlay	\$ 1,313,315	\$ 135,511	0.55%	(1,177,804)	-89.68%
Special Schools	\$ 46,429	\$ 45,116	0.18%	(1,313)	-2.83%
Enterprise Fund	\$ -	\$ -	0.00%	-	0.00%
ARRA/Ed. Jobs	\$ 127,692	\$ -	0.00%	(127,692)	0.00%
Debt Serv.	\$ 1,003,862	\$ 995,231	4.05%	(8,631)	-0.86%
	<u>\$ 24,543,003</u>	<u>\$ 24,556,306</u>	<u>100.00%</u>	<u>13,303</u>	<u>0.05%</u>

8) DEBT ADMINISTRATION:

1999 Bond Issue:

A \$3,890,000 Bond Referendum was passed on May 18, 1999. Bonds were issued during the 1999-2000 school year. Proceeds were used for facility upgrades, specifically HVAC upgrades to both school buildings. Total Debt Service in the amount of \$384,500 was paid during the fiscal year 2013. A \$350,000 principal payment was made. Outstanding debt as of June 30, 2013 was \$515,000.

2003 ERIP Refinance:

The District refunded Bonds associated with the NJ Pension Early Retirement Incentive Plan in the amount of \$410,000 on September 29, 2003. Total Debt Service in the amount of \$39,162.50 was paid during the fiscal year 2013. A \$25,000 principal payment was made. Outstanding debt as of June 30, 2013 was \$245,000.

2008 Bond Issue:

A \$13,900,000 Bond Referendum was passed on December 9, 2008. Bonds were issued during the 2008-2009 school year. Proceeds are being used for a variety of facility upgrades including site development, health and safety matters, roofs, doors, windows, and classroom alterations. Total Debt Service in the amount of \$571,568.76 was paid during the fiscal year 2013. A \$10,000 principal payment was made. Outstanding debt as of June 30, 2013 was \$13,790,000.

Total outstanding debt for the District as of June 30, 2013 was \$14,550,000.

9) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statement," Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds

*Taylor/Gonnella to Board of Education
December 2, 2013*

only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. As mentioned earlier, historically low interest rates impeded the district's ability to generate interest income compared to previous years.

10) RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds for the Business Administrator, Assistant to the Board Secretary, and the Treasurer of School Monies.

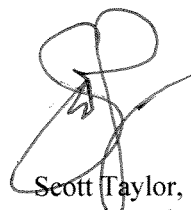
11) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert S. Hulsart and Company was selected by the Board to conduct the annual independent audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A - 133 and state Treasury Circular Letter 04 -04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

12) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Kenilworth Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our central office staff.

Respectfully submitted,



Scott Taylor, Ed. D
Superintendent



Vincent A. Gonnella
Board Secretary/Business Administrator

**KENILWORTH BOARD OF EDUCATION
KENILWORTH, NEW JERSEY**

**ROSTER OF OFFICIALS
June 30, 2013**

Members of the Board of Education

Term Expires

Gerard Laudati, President	12/31/2015
Nancy Zimmerman, Vice President	12/31/2014
Steven Benko	12/31/2015
Genean Braun	12/31/2013
David Curtin (filling an unexpired term)	12/31/2013
Gregg F. David	12/31/2014
Paulette Drogon	12/31/2015
Anthony Laudati	12/31/2013
Livio Mancino	12/31/2013

Other Officials:

Sylvan C. Hershey, Superintendent of Schools
Vincent A. Gonnella, Board Secretary/Business Administrator
Jeanne Decker, Treasurer
Vito A. Gagliardi, Jr., Esq., Solicitor

Administration:

Dr. Scott E. Taylor, Assistant Superintendent of Schools
Brian Luciani, Principal David Brearley Middle/High School
Kathleen Murphy, Principal, Warren Harding Elementary School
Ann Cooke, Supervisor of Special Services
Rena Bush, Supervisor of Guidance and Assessment
Ronald Bubnowski, Assistant Principal
Anthony Lepore, Supervisor of Buildings & Grounds
Scott Miller, Supervisor of Athletics & Health Education
Joant Rodriguez, Manager of Information Technology

**KENILWORTH BOARD OF EDUCATION
KENILWORTH, NEW JERSEY**

CONSULTANTS & ADVISORS

Architect of Record

SSP Architectural Group
148 West End Avenue
PO Box 758
Somerville, NJ 08876-0758

Audit Firm

Robert A. Hulsart & Co.
2807 Hurley Pond Road
P.O. Box 1409
Wall, New Jersey 07719

Attorney

Vito A. Gagliardi, Jr., Esq.
Porzio, Bromberg & Newman, P.C.
100 Southgate Parkway, PO Box 1997
Morristown, NJ 07962-1997

Labor Counsel

Anthony P. Sciarrillo, Esq.
Lindabury, McCormick & Estabrook
53 Cardinal Drive
PO Box 2369
Westfield, NJ 07091

Official Depository

Wells Fargo Bank
Boulevard, Kenilworth, NJ 07033

Insurance Agent

Centric Insurance Agency
219 South Street
New Providence, NJ 07974

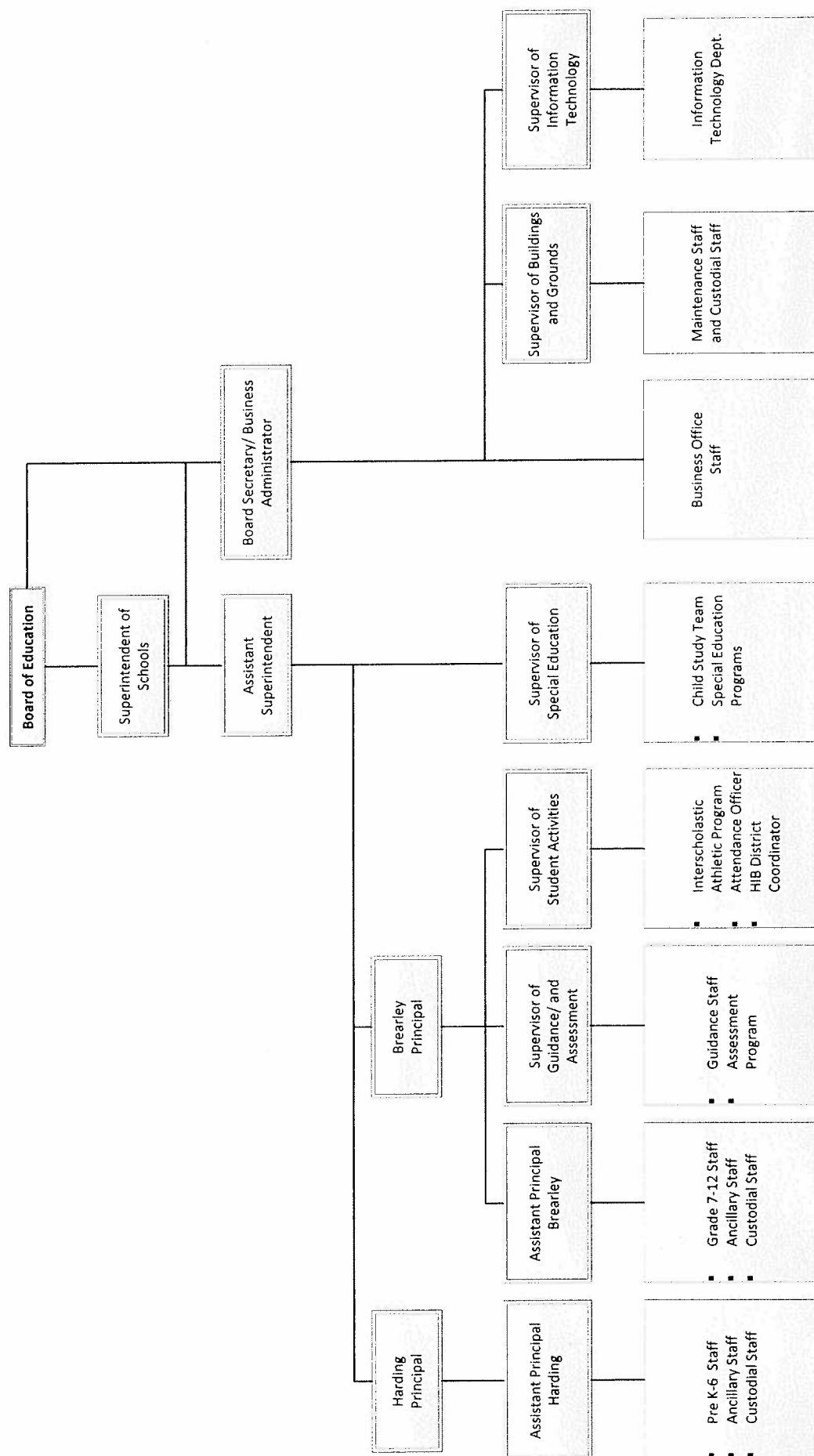
Health Benefits Advisor

Brown & Brown Benefit Advisors
430 Mountain Avenue
Murray Hill, NJ 07974



Kenilworth Public Schools

2012-2013 School Year



FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
 ROBERT A. HULSART, JR., C.P.A., P.S.A.

Telecopier:
 (732) 280-8888

e-mail:
 rah@monmouth.com

2807 Hurley Pond Road • Suite 100
 P.O. Box 1409
 Wall, New Jersey 07719-1409
 (732) 681-4990

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
 of the Board of Education
 Kenilworth School District
 County of Union
 Kenilworth, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Kenilworth School District, in the County of Union, State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Kenilworth School District, in the County of Union, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013 on our consideration of the Kenilworth's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Kenilworth Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey

December 2, 2013

REQUIRED SUPPLEMENTARY INFORMATION
PART I

KENILWORTH PUBLIC SCHOOL DISTRICT
BOROUGH OF KENILWORTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

The discussion and analysis of Kenilworth Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2012-2013 fiscal year are as follows:

- General revenues accounted for \$23,802,464 in revenue or 94% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,461,014 or 6% percent to total revenues of \$25,263,478.
- The School District had \$25,111,602 in expenses; only \$1,461,014 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$23,802,464 were adequate to provide for these programs.
- The General Fund had \$23,166,776 in revenues, \$22,763,376 in expenditures. The General Fund's balance increased \$403,400 from 2012. This increase was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Kenilworth Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Kenilworth Public School District, the General Fund is the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

Using this Comprehensive Annual Financial Report (CAFR)

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2012-2013 fiscal year?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

Table 1 provides a summary of the School District's net position comparisons of fiscal year 2013 with 2012.

Table 1
Net Position

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Current and Other Assets	\$ 2,581,797	2,374,511
Capital Assets, Net	<u>12,749,505</u>	<u>13,218,668</u>
Total Assets	<u>\$ 15,331,302</u>	<u>15,593,179</u>
<u>Liabilities</u>		
Long-Term Liabilities	\$ 14,999,424	15,419,311
Other Liabilities	<u>444,726</u>	<u>464,483</u>
Total Liabilities	<u>\$ 15,444,150</u>	<u>15,883,794</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	\$ (1,395,497)	(1,716,332)
Restricted	2,400,082	1,929,213
Unrestricted	<u>(1,117,433)</u>	<u>(503,496)</u>
Total Net Position	<u>\$ (112,848)</u>	<u>(290,615)</u>

Table 2 shows the changes in net position for fiscal year 2013. Revenue and expense comparisons to fiscal year 2012.

Table 2
Changes in Net Position

	<u>2013</u>	<u>2012</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 617,070	656,040
Operating Grants and Contributions	843,944	927,187
General Revenues		
Property Taxes	16,935,309	16,898,338
Grants and Entitlements	6,690,044	5,691,293
Other	<u>177,111</u>	<u>253,922</u>
Total Revenues	<u>25,263,478</u>	<u>24,426,780</u>
<u>Program Expenses</u>		
Instruction	10,376,853	9,613,722
Support Services		
Pupils and Instructional Staff	3,798,090	3,894,082
General Administration, School Administration,		
Business	7,224,663	6,508,664
Operations and Maintenance of Facilities	1,378,877	1,389,821
Pupil Transportation	616,852	649,657
Interest on Debt	601,752	632,993
Unallocated Depreciation	465,633	465,633
Capital Outlay Not Capitalized	135,511	1,267,372
Special Schools	45,116	46,429
Food Service	<u>468,255</u>	<u>519,303</u>
Total Expenses	<u>25,111,602</u>	<u>24,987,676</u>
Increase/Decrease in Net Position	<u>\$ 151,876</u>	<u>(560,896)</u>

Governmental Activities

Property taxes made up 68% percent of revenues for governmental activities for the Kenilworth Public School District for fiscal year 2013. The District's total revenues were \$24,804,911 for the fiscal year ended June 30, 2013. Federal, state and local grants and miscellaneous revenues accounted for another 32%.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Food service expenses exceeded revenues by \$9,688.
- Charges for services represent \$296,778 of revenue. This represents amount paid by patrons for daily food services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$161,789.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

The School Board's Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allows the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Kenilworth's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2013, it reported a combined net position balance of \$(235,593). The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

Capital Assets

At June 30, 2013, the School Board had approximately \$20,448,760 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2013 fiscal year.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Table II		
Capital Assets at June 30, 2013		
Land	\$ 2	
Sites	1,525,277	
Buildings	10,969,134	
Machinery and Equipment	<u>221,092</u>	<u>34,000</u>
Total	<u>\$ 12,715,505</u>	<u>34,000</u>

Debt Administration

At June 30, 2013, the School District had \$15,404,424 as outstanding debt. Of this amount \$854,424 is for compensated absences, and the balance \$14,550,000 for bonds for school construction.

Economic Factors and Next Year's Budget

The Kenilworth Public School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Kenilworth is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections.

The \$(235,593) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a balance of \$(235,593). The district also has \$1 in capital reserve monies as well as the fair market value of the capital assets.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

In conclusion, the Kenilworth Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Vincent A. Gonnella, School Business Administrator/Board Secretary at Kenilworth Board of Education, 426 Boulevard, Kenilworth, NJ 07033.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

STATEMENT OF NET POSITION

Exhibit A-1

JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ (151,956)	43,591	(108,365)
Receivables, Net	244,926	39,313	284,239
Inventory		5,841	5,841
Restricted Assets:			
Cash and Cash Equivalents	2,400,081		2,400,081
Capital Reserve Account - Cash	1		1
Capital Assets not Depreciated	2		2
Capital Assets, Net	<u>12,715,503</u>	<u>34,000</u>	<u>12,749,503</u>
Total Assets	<u>15,208,557</u>	<u>122,745</u>	<u>15,331,302</u>
<u>Liabilities</u>			
Accounts Payable	21,297		21,297
Deferred Revenue	18,429		18,429
Noncurrent Liabilities:			
Due Within One Year	405,000		405,000
Due Beyond One Year	<u>14,999,424</u>		<u>14,999,424</u>
Total Liabilities	<u>15,444,150</u>	<u>-</u>	<u>15,444,150</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	(1,429,497)	34,000	(1,395,497)
Restricted For:			
Debt Service	313		313
Capital Projects	325,878		325,878
Other Purposes	2,073,891		2,073,891
Unrestricted	<u>(1,206,178)</u>	<u>88,745</u>	<u>(1,117,433)</u>
Total Net Position	<u>\$ (235,593)</u>	<u>122,745</u>	<u>(112,848)</u>

The accompanying notes to financial statements are an integral part of this statement.

KENILWORTH SCHOOL DISTRICT

Exhibit A-2
Sheet 1 of 2

STATEMENT OF ACTIVITIES

JUNE 30, 2013

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities
<u>Functions/Programs</u>	<u>Expenses</u>			<u>Total</u>
Governmental Activities:				
Instruction:				
Regular	\$7,176,047		(7,176,047)	(7,176,047)
Special Education	2,320,339	533,429	(1,786,910)	(1,786,910)
Other Special Instruction	373,782		(373,782)	(373,782)
Other Instruction	506,685		(506,685)	(506,685)
Support Services:				
Tuition	1,670,299		(1,670,299)	(1,670,299)
Student & Instruction Related Services	2,127,791	148,726	(1,658,773)	(1,658,773)
School Administrative Services	580,411		(580,411)	(580,411)
General and Business Administrative Services	904,491		(904,491)	(904,491)
Technology Information Services	194,879		(194,879)	(194,879)
Plant Operations and Maintenance	1,378,877		(1,378,877)	(1,378,877)
Pupil Transportation	616,852		(616,852)	(616,852)
Unallocated Benefits	5,544,882		(5,544,882)	(5,544,882)
Special Schools	45,116		(45,116)	(45,116)
Capital Outlay Not Capitalized	135,511		(135,511)	(135,511)
Interest on Long-Term Debt	601,752		(601,752)	(601,752)
Unallocated Depreciation	465,633		(465,633)	(465,633)
Total Government Activities	<u>24,643,347</u>	<u>682,155</u>	<u>(23,640,900)</u>	<u>(23,640,900)</u>
Business-Type Activities:				
Food Service	468,255	161,789		(9,688)
Total Business-Type Activities	<u>468,255</u>	<u>161,789</u>	<u>-</u>	<u>(9,688)</u>
Total Primary Government	<u>25,111,602</u>	<u>843,944</u>	<u>(23,640,900)</u>	<u>(23,650,588)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

KENILWORTH SCHOOL DISTRICT

Exhibit A-2
Sheet 2 of 2

STATEMENT OF ACTIVITIES

JUNE 30, 2013

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose,			
Net	16,244,515		16,244,515
Taxes Levied for Debt Service	690,794		690,794
Federal and State Aid Not Restricted	6,690,044		6,690,044
Miscellaneous Income	177,111		177,111
Total General Revenues	23,802,464	-	23,802,464
Change in Net Position	161,564	(9,688)	151,876
Net Position - Beginning	(397,157)	132,433	(264,724)
Net Position - Ending	\$ (235,593)	122,745	(112,848)

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS – B

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 1,921,935		325,878	313	2,248,126
Interfund Receivable	58,188				58,188
Receivables from Other Governments	154,927	89,999			244,926
Total Assets	<u>\$ 2,135,050</u>	<u>89,999</u>	<u>325,878</u>	<u>313</u>	<u>2,551,240</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Deferred Revenue	\$ -	18,429			18,429
Interfund Payable - General		58,188			
Accounts Payable		13,382	7,915		21,297
Total Liabilities	<u>-</u>	<u>89,999</u>	<u>7,915</u>	<u>-</u>	<u>39,726</u>
Fund Balance:					
Restricted for:					
Excess Surplus - Designated for Subsequent Year's Expenditures	106,287				106,287
Additional 2011-12 State Aid - Designated for use in the 2013-14 Budget	196,803				196,803
Excess Surplus	43,383				43,383
Emergency Reserve	250,000				250,000
Maintenance Reserve	850,000				850,000
Capital Reserve Account	1				1
Committed To:					
Other Purposes	392,443				392,443
Assigned To:					
Designated by the BOE for Subsequent Year's Expenditures	234,974				234,974
Unassigned:					
General Fund	61,159				61,159
Debt Service				313	313
Capital Projects			317,963		317,963
Total Fund Balances	<u>2,135,050</u>	<u>-</u>	<u>317,963</u>	<u>313</u>	<u>2,453,326</u>
Total Liabilities and Fund Balance	<u>\$ 2,135,050</u>	<u>89,999</u>	<u>325,878</u>	<u>313</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$20,448,766 and the accumulated depreciation is \$7,733,261.

12,715,505

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 3)

(15,404,424)

Net position of governmental activities

\$ (235,593)

The accompanying Notes to Financial Statements are an integral part of this statement.

KENILWORTH SCHOOL DISTRICT

Exhibit B-2
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects	Debt Service Fund	Total Governmental Funds
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 16,244,515			690,794	16,935,309
Tuition Charges	320,292				320,292
Miscellaneous	177,020	13,400	91		190,511
Total Local Sources	16,741,827	13,400	91	690,794	17,446,112
State Sources	6,389,984	181,551		300,060	6,871,595
Federal Sources		487,204			487,204
Total Revenues	23,131,811	682,155	91	990,854	24,804,911
<u>Expenditures</u>					
Current:					
Regular Instruction	7,176,047				7,176,047
Special Education Instruction	1,786,910	533,429			2,320,339
Other Special Instruction	373,782				373,782
Other Instruction	506,685				506,685
Support Services and Undistributed Costs:					
Tuition	1,670,299				1,670,299
Student and Instruction Related Services	1,979,065	148,726			2,127,791
School Administrative Services	580,411				580,411
Other Administrative Services	904,491				904,491
Technology Information Services	194,879				194,879
Plant Operations and Maintenance	1,378,877				1,378,877
Pupil Transportation	616,852				616,852
Unallocated Benefits	5,529,995				5,529,995
Special Schools	45,116				45,116
Debt Service:					
Principal				385,000	385,000
Interest and Other Charges				610,231	610,231
Capital Outlay	19,967		115,544		135,511
Total Expenditures	22,763,376	682,155	115,544	995,231	24,556,306

KENILWORTH SCHOOL DISTRICT

Exhibit B-2
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects	Debt Service Fund	Total Governmental Funds
Other Financing Sources and Uses:					
Transfers			(91)	91	
Total Other Financing Sources and Uses	-	-	(91)	91	-
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	368,435	-	(115,544)	(4,286)	248,605
Net Change in Fund Balances	368,435	-	(115,544)	(4,286)	248,605
Fund Balance - July 1	1,766,615		433,507	4,599	2,204,721
Fund Balance - June 30	\$ 2,135,050	-	317,963	313	2,453,326

The accompanying Notes to Financial Statements are an integral part of this statement.

KENILWORTH SCHOOL DISTRICT**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES****AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS** Exhibit B-3**TO THE STATEMENT OF ACTIVITIES****JUNE 30, 2013**

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 248,605
---	------------

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital Outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	(465,633)
----------------------	-----------

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

385,000

In the statement of activities certain operating activities are measured by the amount earned while in the government funds. Expenses are reported in the amount of financial resources used.

Compensated Absences	(14,887)
----------------------	----------

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.

8,479

Change in Net Position of Governmental Activities

\$ 161,564

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF NET POSITION

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2013

	<u>Enterprise Funds</u>
<u>Assets:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 43,591
Accounts Receivable:	
State	1,164
Federal	27,309
Other	10,840
Inventory	5,841
Total Current Assets	<u>88,745</u>
Noncurrent Assets:	
Equipment	192,550
Accumulated Depreciation	<u>(158,550)</u>
Total Fixed Assets	<u>34,000</u>
Total Assets	<u><u>\$ 122,745</u></u>
 <u>Net Position:</u>	
Investment in Capital Assets	\$ 34,000
Unrestricted	<u>88,745</u>
Total Net Position	<u><u>\$ 122,745</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

KENILWORTH SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION****Exhibit B-5****PROPRIETARY FUNDS****JUNE 30, 2013**

	Enterprise Fund
Operating Revenues:	
Daily Sales	\$ 296,778
Total Operating Revenues	<u>296,778</u>
Operating Expenses:	
Salaries	172,836
Other Employee Benefits	27,035
Cost of Sales	186,151
Supplies and Materials	23,801
Management Fee	7,975
Repairs	2,058
POS System	3,293
Custodial Costs	20,000
Depreciation	3,530
Miscellaneous	21,576
Operating Expenses	<u>468,255</u>
Operating Gain/(Loss)	(171,477)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	4,768
Federal Sources:	
National School Lunch Program	133,255
Federal PB Lunch Program	5,300
Federal Breakfast Program	3,236
Food Distribution Program	15,230
Total Non-Operating Revenues	<u>161,789</u>
Change in Net Position	(9,688)
Net Position, July 1	<u>132,433</u>
Net Position, June 30	<u><u>\$ 122,745</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

KENILWORTH SCHOOL DISTRICT**STATEMENT OF CASH FLOWS****Exhibit B-6****PROPRIETARY FUNDS****JUNE 30, 2013**

	Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 296,778
Payments to Employees	(172,836)
Payments to Suppliers	(323,592)
Net Cash Provided (Used) by Operating Activities	<u>(199,650)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	4,768
Federal Sources	141,791
Net Cash Provided by Noncapital Financing Activities	<u>146,559</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(53,091)
Cash and Cash Equivalents, July 1	<u>96,682</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 43,591</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (171,477)
Depreciation	3,530
Federal Commodities Consumed	15,230
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities	
Decrease/(Increase) in Accounts Receivables	(34,211)
(Decrease)/Increase in Accounts Payables	(13,161)
Decrease/(Increase) in Inventory	439
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (199,650)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

KENILWORTH SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET POSITION****Exhibit B-7****JUNE 30, 2013**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
Assets:		
Cash and Cash Equivalents	<u>\$ 328,926</u>	<u>183,515</u>
Total Assets	<u><u>\$ 328,926</u></u>	<u><u>183,515</u></u>
Net Position:		
Reserved - Scholarships	\$ -	183,515
Reserved - Unemployment Benefits	<u>328,926</u>	
Total Net Position	<u><u>\$ 328,926</u></u>	<u><u>183,515</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

KENILWORTH SCHOOL DISTRICT**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

Exhibit B-8

FIDUCIARY FUNDS**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
<u>Additions</u>		
Contributions:		
Other	\$ 182,192	-
Total Contributions	<u>182,192</u>	<u>-</u>
Investment Earnings:		
Interest		93
Net Investment Earnings	<u>-</u>	<u>93</u>
Total Additions	<u>182,192</u>	<u>93</u>
<u>Deductions</u>		
Unemployment Claims	44,437	
Scholarships Awarded		3,500
Total Deductions	<u>44,437</u>	<u>3,500</u>
Change in Net Position	<u>137,755</u>	<u>(3,407)</u>
Net Position - Beginning of Year	<u>191,171</u>	<u>186,922</u>
Net Position - End of the Year	<u><u>\$ 328,926</u></u>	<u><u>183,515</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
KENILWORTH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Board of Education (Board) of the Kenilworth School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Kenilworth School District is a Type II district located in the County of Union, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades PreK-12. The Kenilworth School District had an approximate enrollment at June 30, 2013 of 1,400 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is whether:

- The organization is legally separate (can sue or be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial/benefit/burden on the District
- There is a fiscal dependency by the organization on the District

B. Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: the capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Proprietary Fund Type

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Types

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2013 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Budgets/Budgetary Control (Continued):

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

F. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

G. Short-Term Interfund Receivables/Payables:

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year.

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

NOTE 1: Summary of Significant Accounting Policies (Continued)**I. Capital Assets and Depreciation**

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company during the 2011 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2010-2011 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2011, fiscal year 2011 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

The District is currently in the process of obtaining and installing software that will maintain proper capital asset and depreciation records.

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental Activities:				
Land	\$ <u>2</u>	<u> </u>	<u> </u>	<u>2</u>
Total	<u>2</u>	<u> </u>	<u> </u>	<u>2</u>
Depreciable Assets:				
Site Improvements	2,528,023			2,528,023
Buildings & Sites	17,101,355			17,101,355
Equipment	<u>819,386</u>	<u> </u>	<u> </u>	<u>819,386</u>
Total	<u>20,448,764</u>	<u> </u>	<u> </u>	<u>20,448,764</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Capital Assets and Depreciation (Continued)

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>
Less: Accumulated Depreciation:				
Sites	(923,843)	(78,903)		(1,002,746)
Buildings	(5,780,469)	(351,752)		(6,132,221)
Equipment	<u>(563,316)</u>	<u>(34,978)</u>	<u> </u>	<u>(598,294)</u>
Total Accumulated Depreciation	<u>(7,267,628)</u>	<u>(465,633)</u>	<u> </u>	<u>(7,733,261)</u>
Net Depreciable Assets	<u>13,181,136</u>	<u>(465,633)</u>	<u> </u>	<u>12,715,503</u>
Governmental Activities Capital Assets (Net)	<u>\$ 13,181,138</u>	<u>(465,633)</u>	<u> </u>	<u>12,715,505</u>
Business-Type Activities:				
Equipment	\$ 192,550			192,550
Less: Accumulated Depreciation:				
Equipment	<u>(155,020)</u>	<u>(3,530)</u>	<u> </u>	<u>(158,550)</u>
Business-Type Capital Assets (Net)	<u>\$ 37,530</u>	<u>(3,530)</u>	<u> </u>	<u>34,000</u>

Depreciation expense was charged to governmental functions as follow:

Unallocated	\$ 406,309
Instructional	33,323
Support/Administration	11,491
Maintenance/Custodial	<u>14,510</u>
	<u>\$ 465,633</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable

K. Deferred Revenue

Deferred revenue in the special revenue funds represent cash which has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 10).

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Deposits**

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the District to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

As of June 30, 2013, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents
Checking and Money Market Accounts & NJ ARM	<u>\$ 2,897,737</u>

The carrying amount of the District's cash and cash equivalents at June 30, 2013 was \$2,897,737 and the bank balance was \$4,252,114. Of the bank balance, \$250,000 was covered by federal depository insurance, \$3,680,841 was covered by a collateral pool maintained by the banks as required by New Jersey statutes and \$321,273 was uninsured.

Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Insured:		
FDIC	\$ 250,000	250,000
GUDPA	3,680,841	2,583,324
Uninsured	321,273	443,796

As of June 30, 2013, the District did not hold any long-term investments.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had uninsured deposits of \$321,273 in NJ ARM as of June 30, 2013.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2013, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>	<u>Long-Term</u> <u>Portion</u>
Compensated Absences Payable	\$ 869,311		14,887	854,424		854,424
Bonds Payable	<u>14,935,000</u>	<u> </u>	<u>385,000</u>	<u>14,550,000</u>	<u>405,000</u>	<u>14,145,000</u>
	<u>\$ 15,804,311</u>	<u> </u>	<u>399,887</u>	<u>15,404,424</u>	<u>405,000</u>	<u>14,999,424</u>

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are of general obligation bonds.

Bonds issued July 13, 1999 for \$3,890,000 for additions and renovations to both schools maturing July 15, 2014 with a balance of \$515,000 at June 30, 2013 with interest rates at 5%.

Refunding Bonds issued September 29, 2003 for \$410,000 for ERIP funding maturing October 1, 2020 with a balance of \$245,000 at June 30, 2013 with a 5.50% interest rate.

Bonds issued February 25, 2009 for \$13,900,000 for renovations maturing January 15, 2029 with a balance of \$13,790,000 at June 30, 2013 with interest rates from 2.50% to 4.625%

NOTE 3: General Long-Term Debt (Continued)**A. Bonds Payable (Continued)**

Principal and interest due on serial bonds outstanding is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2014	\$ 405,000	590,357	995,357
2015	585,000	576,106	1,161,106
2016	705,000	559,531	1,264,531
2017	730,000	537,631	1,267,631
2018	770,000	514,961	1,284,961
2018-2022	4,445,000	2,078,168	6,523,168
2023-2027	5,625,000	1,067,255	6,692,255
2028-2029	<u>1,285,000</u>	<u>59,431</u>	<u>1,344,431</u>
	<u>\$ 14,550,000</u>	<u>5,983,440</u>	<u>20,533,440</u>

NOTE 4: Pension Plans

Description of Plans – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) – The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

NOTE 4: Pension Plans (Continued)

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

NOTE 4: Pension Plans (Continued)

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2013, the State of New Jersey contributed \$1,351,267 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$732,762 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

Year	Annual	Percentage	Net
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/13	\$ 148,462	100%	\$ 0
6/30/12	184,029	100%	0
6/30/11	188,221	100%	0

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

Year	Annual	Percentage	Net
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/13	\$ 1,351,267	100%	0
6/30/12	938,592	100%	0
6/30/11	665,871	100%	0

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

NOTE 5: Post-Retirement Benefits (Continued)

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

NOTE 6: Interfund Receivables and Payables

The following interfund balances existed at June 30, 2013:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 58,188	
Special Revenue Fund	_____	58,188
	<u>\$ 58,188</u>	<u>58,188</u>

NOTE 7: Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the right to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences as of June 30, 2013, was \$854,424.

NOTE 8: Capital Reserve Account

A capital reserve account was established by the Borough of Kenilworth Board of Education by inclusion of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

NOTE 8: Capital Reserve Account (Continued)

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	<u>\$ 1</u>
Ending Balance, June 30, 2013	<u>\$ 1</u>

NOTE 9: Inventory

Inventory in the Food Service Fund at June 30, 2013 consisted of the following:

Food	\$ 4,565
Supplies	<u>1,276</u>
	<u>\$ 5,841</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 10: Fund Balance Appropriated

General Fund – Of the \$2,556,141 General Fund fund balance at June 30, 2013, \$392,443 is reserved for encumbrances; \$1 has been placed in the capital reserve; \$250,000 is in emergency reserve; \$850,000 is in maintenance reserve; \$106,287 is excess surplus designed for subsequent years expenditures; \$234,974 is designated for subsequent years expenditures; \$43,383 is excess surplus; \$196,803 is 2011-2012 additional state aid designated for use in the 2013-2014 budget; and \$482,250 is unreserved and undesignated.

NOTE 11: Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget.

NOTE 12: Equity Balance**2% Calculation of Excess Surplus**

2012-13 Total General Fund Expenditures Per the CAFR	\$ 22,763,376
Decreased by:	
On Behalf TPAF Pension and Social Security	<u>(2,084,029)</u>
Adjusted 2012-13 General Fund Expenditures	<u>\$ 20,679,347</u>
2% of Adjusted 2012-13 General Fund Expenditures	\$ 413,587
Increased by Allowable Adjustments	<u>68,663</u>
Maximum Unassigned Fund Balance	<u>\$ 482,250</u>

Section 2

Total General Fund – Fund Balance @ 6-30-13	\$ 2,556,141
Decreased by:	
Reserved for Encumbrances	(392,443)
Other Reserves	(1,100,001)
Designated for Subsequent Years Expenditures – Additional 2011-12	
State Aid for Use in 2013-14	(196,803)
Designated for Subsequent Years Expenditures	(234,974)
Designated for Subsequent Years Expenditures – Excess Surplus	<u>(106,287)</u>
Total Unassigned Fund Balance	<u>\$ 525,633</u>
Designated for Subsequent Years Expenditures – Excess Surplus	\$ 106,287
Reserved for Fund Balance – Excess Surplus	<u>43,383</u>
	<u>\$ 149,670</u>

Section 3**Detail of Allowable Adjustments**

Extraordinary Aid	<u>\$ 68,663</u>
-------------------	------------------

Detail of Other Reserved Fund Balance

Capital Reserve	\$ 1
Maintenance Reserve	850,000
Emergency Reserve	<u>250,000</u>
	<u>\$ 1,100,001</u>

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget. Designated for subsequent year's represents the amount appropriated in the 2013-2014 budget.

Unrestricted is surplus not previously committed or reserved for any other purpose.

NOTE 13: Contingent Liabilities

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect of the financial position of the District.

NOTE 14: Tuition Adjustments

Regulations specify that tuition adjustments for any given school year shall be remitted/received in the two following years after the tuition rate is certified. These adjustments have not been reflected on the June 30, 2013 financial statements.

NOTE 15: Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

NOTE 16: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – The District elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2012-2013	\$ 150,000	32,192	44,437	328,926
2011-2012	205,000	29,353	51,973	191,171
2010-2011	121,000	28,437	174,012	8,791

NOTE 17: General Fund Emergency Reserve Account

The reserve account is to be used to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonable unforeseeable. The emergency reserve balance may not exceed \$250,000 or 1% of the District's general fund budget up to a maximum of \$100,000 whichever is greater. Withdrawals require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health costs greater than four percent. Kenilworth maintained an emergency reserve on June 30, 2013 of \$250,000.

NOTE 18: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2013. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2013 through December 2, 2013.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES – C

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 16,244,515		16,244,515	16,244,515	-
Tuition	258,612		258,612	320,292	61,680
Miscellaneous	222,800		222,800	177,020	(45,780)
Total Local Sources	<u>16,725,927</u>	<u>-</u>	<u>16,725,927</u>	<u>16,741,827</u>	<u>15,900</u>
State Sources:					
School Choice Aid	2,100,581		2,100,581	2,100,581	-
Special Education Aid	791,590		791,590	791,590	-
Extraordinary Aid	50,000		50,000	118,663	68,663
Equalization Aid	1,274,381		1,274,381	1,274,381	-
Security Aid	31,824		31,824	31,824	-
Transportation Aid	23,881		23,881	23,881	-
TPAF Pension Contribution			-	1,351,267	1,351,267
TPAF Social Security Contribution			-	732,762	732,762
Total State Sources	<u>4,272,257</u>	<u>-</u>	<u>4,272,257</u>	<u>6,424,949</u>	<u>2,152,692</u>
Total Revenues	<u>20,998,184</u>	<u>-</u>	<u>20,998,184</u>	<u>23,166,776</u>	<u>2,168,592</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 2 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Distributed Expenditures:					
Regular Programs - Instruction:					
Pre-Kindergarten - Salaries of Teachers	57,050		57,050	57,048	2
Kindergarten - Salaries of Teachers	316,064	(7,139)	308,925	308,925	-
Grades 1-5 - Salaries of Teachers	1,944,931	23,999	1,968,930	1,901,962	66,968
Grades 6-8 - Salaries of Teachers	1,666,461	(31,978)	1,634,483	1,633,316	1,167
Grades 9-12 - Salaries of Teachers	2,173,969	18,244	2,192,213	2,157,212	35,001
Subtotal	<u>6,158,475</u>	<u>3,126</u>	<u>6,161,601</u>	<u>6,058,463</u>	<u>103,138</u>
Regular Programs - Other:					
Salaries of Teachers	5,000	9,223	14,223	14,222	1
Subtotal	<u>6,163,475</u>	<u>12,349</u>	<u>6,175,824</u>	<u>6,072,685</u>	<u>103,139</u>
Regular Programs - Undistributed Instruction:					
Other Instructional Salaries	213,247	181,993	395,240	395,237	3
Purchased Professional Educational Services	62,500	4,015	66,515	66,515	-
Purchased Technical Services	35,744	(8,692)	27,052	27,050	2
General Supplies	427,268	90,490	517,758	482,690	35,068
Textbooks	102,641	27,619	130,260	130,258	2
Other Objects	1,505	107	1,612	1,612	-
Subtotal	<u>842,905</u>	<u>295,532</u>	<u>1,138,437</u>	<u>1,103,362</u>	<u>35,075</u>
Total Regular Programs - Instruction	<u>7,006,380</u>	<u>307,881</u>	<u>7,314,261</u>	<u>7,176,047</u>	<u>138,214</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 3 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Special Education Instruction:					
Multiple Disabilities:					
Salaries of Teachers	64,406		64,406	64,406	-
Other Salaries for Instruction	59,594	(7,185)	52,409	52,409	-
General Supplies	3,206	(238)	2,968	2,967	1
Total Multiple Disabilities	<u>127,206</u>	<u>(7,423)</u>	<u>119,783</u>	<u>119,782</u>	<u>1</u>
Special Education Instruction - LLD:					
Salaries of Teachers	123,714	(300)	123,414	123,414	-
Other Salaries for Instruction	79,459	1	79,460	79,460	-
General Supplies	2,521	(31)	2,490	2,490	-
Total Special Education Instruction - LLD	<u>205,694</u>	<u>(330)</u>	<u>205,364</u>	<u>205,364</u>	<u>-</u>
Resource Room/Center:					
Salaries of Teachers	1,031,283	994	1,032,277	1,032,276	1
Other Salaries for Instruction	91,377	13,749	105,126	105,126	-
General Supplies	6,687	(101)	6,586	6,585	1
Total Resource Room/Center	<u>1,129,347</u>	<u>14,642</u>	<u>1,143,989</u>	<u>1,143,987</u>	<u>2</u>
Autism:					
Salaries of Teachers	60,903		60,903	60,903	-
Other Salaries for Instruction	107,227	(2,547)	104,680	104,679	1
General Supplies	1,462	(318)	1,144	1,143	1
Total Autism	<u>169,592</u>	<u>(2,865)</u>	<u>166,727</u>	<u>166,725</u>	<u>2</u>

KENILWORTH SCHOOL DISTRICT

**Exhibit C-1
Sheet 4 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Pre-School Disabilities - Part-Time					
Salaries of Teachers	93,674	4,300	97,974	85,815	12,159
Other Salaries for Instruction	75,486	(12,004)	63,482	63,482	-
General Supplies	2,067	(312)	1,755	1,755	-
Total Pre-School Handicapped	171,227	(8,016)	163,211	151,052	12,159
Total Special Education - Instruction	1,803,066	(3,992)	1,799,074	1,786,910	12,164
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	292,049	(11,138)	280,911	277,550	3,361
General Supplies	4,163		4,163	4,144	19
Total Basic Skills/Remedial - Instruction	296,212	(11,138)	285,074	281,694	3,380
Bilingual Education - Instruction:					
Salaries of Teachers	86,948	3,951	90,899	90,899	-
General Supplies	2,040	(850)	1,190	1,189	1
Total Bilingual Education - Instruction	88,988	3,101	92,089	92,088	1
School Sponsored Co-Curricular Activities - Instruction					
Salaries	157,867		157,867	157,771	96
Supplies	22,625	(2,500)	20,125	13,791	6,334
Other Objects	1,879		1,879	1,663	216
Total School Sponsored Co-Curricular Activities	182,371	(2,500)	179,871	173,225	6,646
School Sponsored Athletics - Instruction					
Salaries	245,217	4,417	249,634	249,634	-
Purchased Services	55,620	(10,417)	45,203	43,055	2,148
Supplies and Materials	29,898		29,898	28,025	1,873
Other Objects	14,630		14,630	12,746	1,884
Total School Sponsored Athletics - Instruction	345,365	(6,000)	339,365	333,460	5,905

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 5 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Distributed Expenditures	9,722,382	287,352	10,009,734	9,843,424	166,310
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs in State - Special	347,647	(121,927)	225,720	225,720	-
Tuition to County Vocational School:					
Regular	446,500		446,500	444,300	2,200
Special	52,000	(11,496)	40,504	38,433	2,071
Tuition - County Special Services	357,425		357,425	341,510	15,915
Tuition to Private School for Handicapped - Within State	544,003	76,375	620,378	620,336	42
Total Instruction	1,747,575	(57,048)	1,690,527	1,670,299	20,228
Attendance & Social Work:					
Purchased Technical Services	16,680	(530)	16,150	15,150	1,000
Supplies and Materials	1,810	(643)	1,167	1,167	-
Total Attendance & Social Work	18,490	(1,173)	17,317	16,317	1,000
Health Services:					
Salaries	120,910	(11,597)	109,313	99,196	10,117
Purchased Professional/Technical Services	6,750	6,937	13,687	12,761	926
Supplies and Materials	3,386		3,386	3,286	100
Total Health Services	131,046	(4,660)	126,386	115,243	11,143
Other Student Support Services - Related Services:					
Salaries	201,306		201,306	201,306	-
Purchased Professional/Technical Services	50,618	143	50,761	39,983	10,778
Supplies and Materials	7,943	(414)	7,529	7,528	1
Total Other Student Support Services - Related Services	259,867	(271)	259,596	248,817	10,779

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 6 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Support Student - Regular:					
Salaries of Other Professional Staff	384,202	(25,007)	359,195	359,195	-
Salaries of Secretarial & Clerical	28,393		28,393	28,393	-
Purchased Professional/Educational Services	4,754	(439)	4,315	4,314	1
Other Purchased Professional/Technical Services	35,307	(7,367)	27,940	27,864	76
Other Purchased Services	502	756	1,258	1,258	-
Supplies and Materials	2,543	(80)	2,463	2,462	1
Other Objects	625	75	700	700	-
Total Other Support Student - Regular	456,326	(32,062)	424,264	424,186	78
Other Support Student Services- Special:					
Salaries of Other Professional Staff	458,482	5,874	464,356	464,356	-
Salaries of Secretarial & Clerical	42,042		42,042	42,042	-
Purchased Professional Educational Services	8,993	178	9,171	9,170	1
Miscellaneous Purchased Services	3,902	3,479	7,381	6,556	825
Supplies and Materials	4,610	(198)	4,412	4,396	16
Total Other Support Student Services- Special	518,029	9,333	527,362	526,520	842
Improvement Instructional Services:					
Salaries of Supervisors of Instruction	311,824	(62,381)	249,443	249,442	1
Salaries of Other Professional Staff	8,880	11,045	19,925	19,925	-
Salaries of Secretarial & Clerical	73,153		73,153	73,153	-
Purchased Professional Services		25,991	25,991	9,100	16,891
Other Purchased Services	1,414	(1,377)	37		37
Supplies & Materials	1,960	71	2,031	1,898	133
Other Objects	4,155	(775)	3,380	3,380	-
Total Improvement Instructional Services	401,386	(27,426)	373,960	356,898	17,062

KENILWORTH SCHOOL DISTRICT

**Exhibit C-1
Sheet 7 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational Media/Library:					
Salaries	133,215		133,215	133,215	-
Other Salaries For Instruction	44,493	1	44,494	44,494	-
Library PPS		3,190	3,190	3,190	-
Other Purchased Services	1,731	(1)	1,730	260	1,470
Supplies & Materials	31,683	(646)	31,037	30,844	193
Total Educational Media/Library	211,122	2,544	213,666	212,003	1,663
Staff Training:					
Salaries of Supervisors of Instruction	56,182		56,182	56,182	-
Other Salaries for Instruction	11,761		11,761	9,165	2,596
Purchased Professional/Educational Serv.	12,400	(1,279)	11,121	11,121	-
Supplies & Materials	1,510	(445)	1,065	1,038	27
Other Objects	2,266	(691)	1,575	1,575	-
Total Staff Training	84,119	(2,415)	81,704	79,081	2,623
Support Services - General Administration:					
Salaries	256,035	43,571	299,606	256,035	43,571
Legal Services	66,500	1,860	68,360	60,391	7,969
Audit Fee	15,500		15,500	15,500	-
Other Purchased Professional Services	12,395	49,323	61,718	51,872	9,846
Purchased Technical Services	5,000	61	5,061	5,060	1
Communications/Telephone	79,136	(10,027)	69,109	69,108	1
BOE Other Purchased Services	10,600	(5,949)	4,651	4,649	2
Other Purchased Services	104,162	(12,792)	91,370	91,370	-
Supplies & Materials	2,350	(1,384)	966	966	-
BOE In House Training Supplies	1,950	(986)	964	964	-
Miscellaneous Expenditures	5,555	(735)	4,820	4,819	1
BOE Membership Dues and Fees	19,657	21	19,678	19,677	1
Total Support Services - General Administration	578,840	62,963	641,803	580,411	61,392

KENILWORTH SCHOOL DISTRICT

**Exhibit C-1
Sheet 8 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - School Administration:					
Salaries of Principals/Vice Principals	284,417	(17,759)	266,658	266,657	1
Salaries of Other Professional Staff	133,203	46,000	179,203	179,203	-
Salaries of Secretarial & Clerical	165,858	(3,595)	162,263	161,650	613
Other Purchased Services	199	652	851	850	1
Supplies & Materials	5,673	(3,158)	2,515	2,515	-
Other Objects	3,340	1,535	4,875	4,875	-
Total Support Services - School Administration	<u>592,690</u>	<u>23,675</u>	<u>616,365</u>	<u>615,750</u>	<u>615</u>
Technology Information Service:					
Salaries	71,024		71,024	71,024	-
Purchased Professional Services	39,012	2,984	41,996	40,918	1,078
Purchased Technical Services	47,172	(8,686)	38,486	38,486	-
Other Purchased Services	9,324	400	9,724	9,724	-
Supplies and Materials	17,700	17,028	34,728	34,727	1
Total Technology Information Service	<u>184,232</u>	<u>11,726</u>	<u>195,958</u>	<u>194,879</u>	<u>1,079</u>
Required Maintenance - Facilities:					
Cleaning, Repair & Maintenance Services	147,466	42,094	189,560	167,691	21,869
General Supplies	35,555	(17,758)	17,797	17,797	-
Other Objects	1,400		1,400	1,280	120
Total Allowable Maintenance Facilities	<u>184,421</u>	<u>24,336</u>	<u>208,757</u>	<u>186,768</u>	<u>21,989</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 9 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Operations & Maintenance:					
Salaries	432,105	(1,640)	430,465	418,764	11,701
Purchased Professional/Technical Serv.	6,500	4,240	10,740	10,740	
Cleaning, Repair & Maintenance Services	230,000	(1,663)	228,337	228,337	-
Other Purchased Property Services	39,150	1,259	40,409	34,984	5,425
Insurance	34,444	14,463	48,907	48,906	1
General Supplies	18,250	23,788	42,038	41,923	115
Natural Gas	146,216	46,626	192,842	106,762	86,080
Energy (Heat & Electricity)	341,110	58,493	399,603	235,810	163,793
Total Other Operations & Maintenance	<u>1,247,775</u>	<u>145,566</u>	<u>1,393,341</u>	<u>1,115,486</u>	<u>277,855</u>
Upkeep of Grounds:					
Salaries	42,464	1,211	43,675	43,675	-
Purchased Professional/Technical Serv.	11,650	1,566	13,216	13,216	-
Repair and Maintenance	6,000	(939)	5,061	2,810	2,251
Supplies	22,500	(1,022)	21,478	16,527	4,951
Other Objects		395	395	395	-
Total Upkeep of Grounds	<u>82,614</u>	<u>1,211</u>	<u>83,825</u>	<u>76,623</u>	<u>7,202</u>
Security:					
Repairs and Maintenance	3,000	(3,000)	-		-
Supplies	1,500	3,000	4,500		4,500
Total Security	<u>4,500</u>	<u>-</u>	<u>4,500</u>	<u>-</u>	<u>4,500</u>
Total Operations & Maintenance	<u>1,519,310</u>	<u>171,113</u>	<u>1,690,423</u>	<u>1,378,877</u>	<u>311,546</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 10 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Student Transportation:					
Contracted Services Other - Vendors	55,007	(111)	54,896	49,110	5,786
Contracted Services Special Ed. Joint Agreement	542,885	28,513	571,398	567,742	3,656
Total Student Transportation	597,892	28,402	626,294	616,852	9,442
Central Services:					
Salaries	261,879	1	261,880	261,879	1
Purchased Technical Services	15,366	3,399	18,765	18,765	-
Supplies & Materials	5,200	37	5,237	5,237	-
Miscellaneous Expenditures	2,944	(37)	2,907	2,860	47
Total Central Services	285,389	3,400	288,789	288,741	48
Undistributed Expenditures-Employee Benefits:					
Other Retirement Contrib. - Social Security	172,389	44,312	216,701	211,878	4,823
Other Retirement Contrib. - PERS	171,522	(23,060)	148,462	148,462	-
Other Retirement Contrib. - ERIP	9,810	272	10,082	10,082	-
Unemployment Compensation	150,000		150,000	150,000	-
Workman's Compensation	92,039	1,046	93,085	93,084	1
Health Benefits	2,985,087	(207,800)	2,777,287	2,741,724	35,563
Tuition Reimbursements	74,000	(3,000)	71,000	70,999	1
Other Employee Benefits	24,370	(4,611)	19,759	19,737	22
Total Unallocated Benefits	3,679,217	(192,841)	3,486,376	3,445,966	40,410
TPAF Pension Contribution			-	1,351,267	(1,351,267)
TPAF Social Security Contribution			-	732,762	(732,762)
Total Undistributed Expenditures	11,265,530	(4,740)	11,260,790	12,854,869	(1,594,079)
Total General Current Expense	20,987,912	282,612	21,270,524	22,698,293	(1,427,769)

KENILWORTH SCHOOL DISTRICT

**Exhibit C-1
Sheet 11 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Equipment					
Undistributed Expenditures-Instruction	24,800		24,800	19,967	4,833
Total Facilities Acquisition & Construction Services	<u>24,800</u>	<u>-</u>	<u>24,800</u>	<u>19,967</u>	<u>4,833</u>
Total Capital Outlay	<u>24,800</u>	<u>-</u>	<u>24,800</u>	<u>19,967</u>	<u>4,833</u>
Summer School					
Instruction:					
Salaries of Teachers	40,928		40,928	40,818	110
General Supplies	750		750	504	246
Total Instruction	<u>41,678</u>	<u>-</u>	<u>41,678</u>	<u>41,322</u>	<u>356</u>
Support Services:					
Salaries of Teachers	3,794		3,794	3,794	-
Total Support Services	<u>3,794</u>	<u>-</u>	<u>3,794</u>	<u>3,794</u>	<u>-</u>
Total Summer School	<u>45,472</u>	<u>-</u>	<u>45,472</u>	<u>45,116</u>	<u>356</u>
Total Current Expense, Capital Outlay, & Summer School	<u>21,058,184</u>	<u>282,612</u>	<u>21,340,796</u>	<u>22,763,376</u>	<u>(1,422,580)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(60,000)</u>	<u>(282,612)</u>	<u>(342,612)</u>	<u>403,400</u>	<u>746,012</u>

KENILWORTH SCHOOL DISTRICT

**Exhibit C-1
Sheet 12 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources/Uses	(60,000)	(282,612)	(342,612)	403,400	746,012
Fund Balance July 1	<u>2,152,741</u>		<u>2,152,741</u>	<u>2,152,741</u>	
Fund Balance June 30	<u>\$ 2,092,741</u>	<u>(282,612)</u>	<u>1,810,129</u>	<u>2,556,141</u>	<u>746,012</u>

Recapitulation:

Restricted Fund Balance:

Excess Surplus-Designated for Subsequent Years Expenditures
Additional 2011-12 State Aid-Designated for use in the 2013-14 Budget

Excess Surplus-Current Year

Emergency Reserve

Capital Reserve

Maintenance Reserve

Committed Fund Balance:

Year End Encumbrances

Assigned Fund Balances:

Designated for Subsequent Year's Expenditures

Unassigned Fund Balance

\$	106,287
	196,803
	43,383
	250,000
	1
	850,000
	392,443
	234,974
	<u>482,250</u>
	<u>2,556,141</u>
	<u>(421,091)</u>
\$	<u>2,135,050</u>

Reconciliation to Governmental Funds Statement (GAAP):

Final State Aid Payments not Recognized on GAAP Basis

Fund Balance Per Governmental Funds (GAAP)

KENILWORTH SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	\$ -	13,400	13,400	13,400	
State Sources	258,733	(64,306)	194,427	181,551	12,876
Federal Sources	442,478	47,005	489,483	489,483	
Total Revenues	<u>\$ 701,211</u>	<u>(3,901)</u>	<u>697,310</u>	<u>684,434</u>	<u>12,876</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 85,000	(10,375)	74,625	74,625	
Purchased Professional and Technical Services	239,803	(52,675)	187,128	174,276	12,852
Tuition	301,500	(44,890)	256,610	256,610	
General Supplies	1,975	7,640	9,639	9,615	24
Textbooks	18,930	(7,992)	10,914	10,914	
Total Instruction	<u>647,208</u>	<u>(108,292)</u>	<u>538,916</u>	<u>526,040</u>	<u>12,876</u>
Support Services:					
Personal Services - Employee Benefits	16,146	2,271	18,417	18,417	
Purchased Professional - Educational Services	37,857	83,146	121,003	121,003	
General Supplies		18,974	18,974	18,974	
Total Support Services	<u>54,003</u>	<u>104,391</u>	<u>158,394</u>	<u>158,394</u>	<u>-</u>
Total Expenditures	<u>\$ 701,211</u>	<u>(3,901)</u>	<u>697,310</u>	<u>684,434</u>	<u>12,876</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

KENILWORTH SCHOOL DISTRICT**REQUIRED SUPPLEMENTARY INFORMATION****Exhibit C-3****BUDGETARY COMPARISON SCHEDULE****NOTE TO RSI****FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 23,166,776	684,434
Difference - budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized		(2,349)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	386,126	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(421,091)</u>	
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>\$ 23,131,811</u></u>	<u><u>682,085</u></u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 22,763,376	684,434
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(2,349)
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 22,763,376</u></u>	<u><u>682,085</u></u>

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

KENILWORTH SCHOOL DISTRICT

Exhibit E-1
Sheet 1 of 3

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Title I	I.D.E.A. Basic Flow-Thru	I.D.E.A. Pre-School	Title IIA	Title III	ESL
Revenues:						
State Sources	\$ -					853
Federal Sources	142,141	304,951	9,953	22,770	9,668	
Local Sources						
Total Revenues	<u>\$ 142,141</u>	<u>304,951</u>	<u>9,953</u>	<u>22,770</u>	<u>9,668</u>	<u>853</u>
Expenditures:						
Instruction:						
Salaries of Teachers	\$ 74,625		3,639			853
Purchased Professional and Technical Services						
Tuition		256,610				
General Supplies	9,615					
Textbooks						
Total Instruction	<u>84,240</u>	<u>256,610</u>	<u>3,639</u>	<u>-</u>	<u>-</u>	<u>853</u>
Support Services:						
Employee Benefits	18,417					
Purchased Professional Educational Services	26,985	48,341	6,314	22,770	9,668	
General Supplies	12,499					
Total Support Services	<u>57,901</u>	<u>48,341</u>	<u>6,314</u>	<u>22,770</u>	<u>9,668</u>	<u>-</u>
Total Expenditures	<u>\$ 142,141</u>	<u>304,951</u>	<u>9,953</u>	<u>22,770</u>	<u>9,668</u>	<u>853</u>

KENILWORTH SCHOOL DISTRICT

Exhibit E-1
Sheet 2 of 3

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Compensatory Education	Transportation	Supplementary Instruction	Examination and Classification Initial	Examination and Classification Annual	Corrective Speech
Revenues:						
State Sources	90,297	8,629	20,330	22,280	5,746	7,031
Federal Sources						
Local Sources						
Total Revenues	<u>90,297</u>	<u>8,629</u>	<u>20,330</u>	<u>22,280</u>	<u>5,746</u>	<u>7,031</u>
Expenditures:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services	90,297	8,629	20,330	22,280	5,746	7,031
Tuition						
General Supplies						
Textbooks						
Total Instruction	<u>90,297</u>	<u>8,629</u>	<u>20,330</u>	<u>22,280</u>	<u>5,746</u>	<u>7,031</u>
Support Services:						
Employee Benefits						
Purchased Professional Educational Services						
General Supplies	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>90,297</u>	<u>8,629</u>	<u>20,330</u>	<u>22,280</u>	<u>5,746</u>	<u>7,031</u>

KENILWORTH SCHOOL DISTRICT

Exhibit E-1
Sheet 3 of 3

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Non-Public Technology	Non-Public Nursing Services	Safety Grant	Non-Public Textbooks	Total 2013
Revenues:					
State Sources	3,912	11,559		10,914	181,551
Federal Sources			13,400		489,483
Local Sources					13,400
Total Revenues	<u>3,912</u>	<u>11,559</u>	<u>13,400</u>	<u>10,914</u>	<u>684,434</u>
Expenditures:					
Instruction:					
Salaries of Teachers					74,625
Purchased Professional and Technical Services	3,912	11,559			174,276
Tuition					256,610
General Supplies					9,615
Textbooks				10,914	10,914
Total Instruction	<u>3,912</u>	<u>11,559</u>	<u>-</u>	<u>10,914</u>	<u>526,040</u>
Support Services:					
Employee Benefits					18,417
Purchased Professional Educational Services			6,925		121,003
General Supplies			6,475		18,974
Total Support Services	<u>-</u>	<u>-</u>	<u>13,400</u>	<u>-</u>	<u>158,394</u>
Total Expenditures	<u>3,912</u>	<u>11,559</u>	<u>13,400</u>	<u>10,914</u>	<u>684,434</u>

CAPITAL PROJECTS FUND – F

KENILWORTH SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF PROJECT EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2013

<u>Issue/Project Title</u>	<u>Approval Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance</u>
			<u>Prior Year</u>	<u>Current Year</u>	
Renovation to Elementary School	12/9/2008	\$ 13,900,000	13,466,493	115,544	317,963

KENILWORTH SCHOOL DISTRICTCAPITAL PROJECTS FUND

Exhibit F-2

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGESIN FUND BALANCE - BUDGETARY BASISFOR THE YEAR ENDED JUNE 30, 2013Revenues

Interest on Investments	\$ 91
-------------------------	-------

Expenditures

Construction Services	115,544
-----------------------	---------

Total Expenditures	115,544
--------------------	---------

Excess (Deficiency) of Revenues Over (Under) Expenditures	(115,453)
---	-----------

Other Financing Sources/(Uses):

Transfer Interest to Debt Service	(91)
-----------------------------------	------

Total Other Sources	(91)
---------------------	------

Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources/(Uses)	(115,544)
---	-----------

Fund Balance - Beginning	433,507
--------------------------	---------

Fund Balance - Ending	\$ 317,963
-----------------------	------------

KENILWORTH SCHOOL DISTRICT

Exhibit F-2a

CAPITAL PROJECTS FUND**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,****AND PROJECT STATUS - BUDGETARY BASIS****RENOVATION TO ELEMENTARY SCHOOL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
Bond Proceeds and Transfers	\$ 13,900,000		13,900,000	13,900,000
Total Revenues	<u>13,900,000</u>	<u>-</u>	<u>13,900,000</u>	<u>13,900,000</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	1,197,906		1,197,906	1,304,147
Construction Services	12,253,930	115,544	12,369,474	12,581,196
Other	14,657		14,657	14,657
Total Expenditures	<u>13,466,493</u>	<u>115,544</u>	<u>13,582,037</u>	<u>13,900,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 433,507</u>	<u>(115,544)</u>	<u>317,963</u>	<u>-</u>

Additional Project Information

Bond Authorization Date	12/9/2008
Bonds Authorized	\$13,900,000
Bonds Issued	\$13,900,000
Original Authorized Cost	\$13,900,000
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	87%
Original Target Completion Date	8/31/2009
Revised Target Completion Date	12/31/2013

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

KENILWORTH SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2013

	Agency		Scholarship Fund Non-Expendable Trust Fund	Unemployment Compensation Expendable Trust Fund	Total
	Student Activity	Payroll Agency			
Assets:					
Cash and Cash Equivalents	\$ 92,992	587	183,515	328,926	606,020
Total Assets	<u>\$ 92,992</u>	<u>587</u>	<u>183,515</u>	<u>328,926</u>	<u>606,020</u>
Liabilities:					
Due to Student Groups	\$ 92,992				92,992
Payroll Withholdings		587			587
Total Liabilities	<u>\$ 92,992</u>	<u>587</u>			<u>93,579</u>
Net Position:					
Reserved - Scholarships			183,515		183,515
Reserved - Unemployment Benefits				328,926	328,926
Total Net Position			<u>183,515</u>	<u>328,926</u>	<u>512,441</u>

KENILWORTH SCHOOL DISTRICT

Exhibit H-2

SCHOLARSHIP NONEXPENDABLE TRUST FUNDSTATEMENT OF CHANGES IN FIDUCIARY NET POSITIONFOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>2013</u>
Operating Revenue:	
Local Source:	
Interest on Investments	\$ 93
Total Operating Revenue	<u>93</u>
Operating Expenses:	
Scholarship Payments	<u>3,500</u>
Total Operating Expenses	<u>3,500</u>
Operating Income (Loss)	<u>(3,407)</u>
Net Position July 1	<u>186,922</u>
Net Position June 30	<u><u>\$ 183,515</u></u>

KENILWORTH SCHOOL DISTRICT**STUDENT ACTIVITY AGENCY FUND**

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTS**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Elementary School</u>				
Harding	\$ 28,455	41,862	44,203	26,114
<u>High School</u>				
David Brearley	54,903	144,469	133,494	65,878
Facility Use Account	1,000	7,000	7,000	1,000
Athletic Account		30,000	30,000	-
Total High School	<u>55,903</u>	<u>181,469</u>	<u>170,494</u>	<u>66,878</u>
Total All Schools	<u>\$ 84,358</u>	<u>223,331</u>	<u>214,697</u>	<u>92,992</u>

KENILWORTH SCHOOL DISTRICT

76.

PAYROLL AGENCY

Exhibit H-4

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 13	5,863,229	5,862,655	587
<u>Liabilities</u>				
Payroll Deductions, Withholdings and Amount Due Employees	\$ 13	5,863,229	5,862,655	587

LONG-TERM DEBT – I

KENILWORTH SCHOOL DISTRICT

LONG-TERM LIABILITIES

Exhibit L-1

SCHEDULE OF SERIAL BONDS

JUNE 30, 2013

	Date of Issue	Original Issue	Annual Maturities		Interest Rate	Balance July 1, 2012	Retired	Balance June 30, 2013
			Date	Amount				
Renovations	7/13/1999	\$ 3,890,000	7/15/2013 7/15/2014	\$ 380,000 135,000	5.00%	\$ 865,000	350,000	515,000
ERIP Refunding	9/29/2003	410,000	10/1/2013-14 10/1/2015-17 10/1/2018-20	25,000 30,000 35,000	5.50%	270,000	25,000	245,000
2008 Renovations	2/25/2009	13,900,000	1/15/2015 1/15/2016 1/15/2017 1/15/2018 1/15/2019 1/15/2020 1/15/2021 1/15/2022 1/15/2023 1/15/2024 1/15/2025 1/15/2026 1/15/2027 1/15/2028 1/15/2029	425,000 675,000 700,000 740,000 765,000 810,000 840,000 940,000 985,000 1,025,000 1,075,000 1,125,000 1,175,000 1,225,000 1,285,000	2.75% 3.00% 4.00% 4.10% 4.30% 4.40% 4.50% 4.625%	13,800,000	10,000	13,790,000
						\$ 14,935,000	385,000	14,550,000

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 690,794		690,794	690,794	
State Sources:					
Debt Service Aid Type II	300,060		300,060	300,060	
Total Revenues	<u>990,854</u>	<u>-</u>	<u>990,854</u>	<u>990,854</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	610,232		610,232	610,231	1
Redemption of Principal	385,000		385,000	385,000	
Total Regular Debt Service	<u>995,232</u>	<u>-</u>	<u>995,232</u>	<u>995,231</u>	<u>1</u>
Total Expenditures	<u>995,232</u>	<u>-</u>	<u>995,232</u>	<u>995,231</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,378)</u>	<u>-</u>	<u>(4,378)</u>	<u>(4,377)</u>	<u>1</u>
Other Financing Sources:					
Transfer from Capital Projects				91	91
Excess (Deficiency) of Revenues and other Financing Sources Over (Under) Expenditures	<u>(4,378)</u>	<u>-</u>	<u>(4,378)</u>	<u>(4,286)</u>	<u>92</u>
Fund Balance July 1	<u>4,599</u>	<u>-</u>	<u>4,599</u>	<u>4,599</u>	<u>-</u>
Fund Balance June 30	<u>\$ 221</u>	<u>-</u>	<u>221</u>	<u>313</u>	<u>92</u>

STATISTICAL SECTION

(Unaudited)

Borough of Kenilworth Board of Education
 Net position by Component,
 Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 6,381,617	\$ (514,688)	\$ (229,632)	\$ (110,288)	\$ 33,949	\$ (13,429,054)	\$ (5,699,765)	\$ (2,216,805)	\$ (1,753,862)	\$ (1,429,497)
Restricted (Debt Service)	\$ 385,603	\$ 369,603	\$ 222,178	\$ 395,294	\$ 312,470	\$ 20,905	\$ 46,967	\$ 51,346	\$ 3	\$ 313
Restricted (Capital Projects)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,699,782	\$ 8,246,987	\$ 1,717,992	\$ 433,507	\$ 325,878
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 405,015	\$ 754,507	\$ 1,495,703	\$ 2,073,891
Unrestricted	\$ (841,313)	\$ (827,289)	\$ (804,115)	\$ (537,700)	\$ (966,216)	\$ (1,166,298)	\$ (1,208,665)	\$ 284,261	\$ (598,399)	\$ (1,206,178)
Total governmental activities net position	\$ 5,925,907	\$ (972,374)	\$ (811,569)	\$ (252,694)	\$ (619,797)	\$ (874,665)	\$ 1,790,539	\$ 591,301	\$ (423,048)	\$ (235,593)
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ 9,072	\$ 6,079	\$ 3,086	\$ 3,086	\$ 24,200	\$ 21,517	\$ 41,060	\$ 37,530	\$ 34,000
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ 105,048	\$ 113,241	\$ 101,602	\$ 60,957	\$ 78,834	\$ 68,526	\$ 85,148	\$ 121,800	\$ 94,903	\$ 88,745
Total business-type activities net position	\$ 105,048	\$ 122,313	\$ 107,681	\$ 64,043	\$ 81,920	\$ 92,726	\$ 106,665	\$ 162,860	\$ 132,433	\$ 122,745
District-wide										
Invested in capital assets, net of related debt	\$ 6,381,617	\$ (505,616)	\$ (223,553)	\$ (107,202)	\$ 37,035	\$ (13,404,854)	\$ (5,678,248)	\$ (2,175,745)	\$ (1,716,332)	\$ (1,395,497)
Restricted	\$ 385,603	\$ 369,798	\$ 222,178	\$ 395,294	\$ 312,470	\$ 20,905	\$ 46,967	\$ 1,769,338	\$ 433,510	\$ 326,191
Other Purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,699,782	\$ 8,652,002	\$ 754,507	\$ 1,495,703	\$ 2,073,891
Unrestricted	\$ (736,265)	\$ (714,048)	\$ (702,513)	\$ (476,743)	\$ (887,382)	\$ (1,097,772)	\$ (1,123,517)	\$ 406,061	\$ (503,496)	\$ (1,117,433)
Total district net position	\$ 6,030,955	\$ (849,866)	\$ (703,888)	\$ (188,651)	\$ (537,677)	\$ (781,939)	\$ 1,897,204	\$ 754,161	\$ (290,615)	\$ (112,848)

Source: CAFR Schedule A-1 (Net position)

Borough of Kenilworth Board of Education
Changes in Net position
Last Ten Fiscal Years
(accrual basis of accounting)
Fiscal Year Ending June 30,

Exhibit J-2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,096,229	\$ 6,064,971	\$ 5,647,858	\$ 5,504,115	\$ 6,364,107	\$ 6,584,495	\$ 6,324,634	\$ 6,112,698	\$ 6,660,169	\$ 7,176,047
Special education	916,794	943,266	1,791,616	1,583,879	2,092,304	2,085,007	2,427,121	2,154,051	2,180,521	2,320,339
Other special education	179,050	230,406	215,019	178,577	205,018	338,602	483,754	495,497	317,117	373,782
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	439,621	476,347	522,319	544,693	578,260	595,501	560,607	423,406	455,915	506,685
Nonpublic school programs	185,320	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	937,344	947,803	1,026,854	1,186,212	1,057,646	1,276,859	1,405,506	1,508,674	1,792,435	1,670,299
Student & instruction related services	1,621,185	1,676,547	1,695,100	2,137,314	1,941,029	2,231,134	2,124,053	2,033,536	2,101,647	2,127,791
School administrative services	530,563	685,342	1,169,643	1,183,574	1,239,364	548,894	565,642	528,848	524,145	580,411
General administrative services	781,202	676,551	541,482	548,182	548,861	1,286,405	874,963	1,061,329	1,058,488	1,099,370
Plant operations and maintenance	1,464,031	1,349,386	1,417,873	1,448,881	1,457,264	1,555,870	1,541,424	1,432,142	1,389,821	1,378,877
Pupil transportation	459,864	446,357	418,803	508,048	492,173	502,005	547,152	568,453	649,657	616,852
Unallocated Benefits	2,635,357	3,302,478	3,586,566	4,033,932	4,443,119	4,220,661	4,808,714	4,641,951	4,798,339	5,544,882
Special Schools	40,401	15,194	42,618	49,064	52,887	61,855	43,018	34,938	46,429	45,116
Education Jobs	-	-	-	-	-	-	-	-	127,692	-
Interest on Long Term Debt	168,593	157,839	354,099	136,092	121,040	276,130	656,218	626,763	632,993	601,752
Capital Outlay	-	-	-	-	-	-	-	1,924,688	1,267,372	135,511
Unallocated depreciation	26,573	529,279	-	188,266	191,259	231,416	231,417	472,752	465,633	465,633
ARRA	-	-	-	-	-	-	273,016	-	-	-
Total governmental activities expenses	15,482,127	17,501,766	18,429,850	19,230,829	20,784,331	21,792,834	22,667,239	24,019,726	24,468,373	24,643,347
Business-type activities:										
Food service	361,359	384,442	433,960	478,653	447,278	465,972	470,366	445,839	519,303	488,255
Child Care	-	-	-	-	-	-	-	-	-	-
Total business-type activities expense	361,359	384,442	433,960	478,653	447,278	465,972	470,366	445,839	519,303	488,255
Total district expenses	\$ 15,843,486	\$ 17,886,208	\$ 18,863,810	\$ 19,709,482	\$ 21,231,609	\$ 22,258,806	\$ 23,337,605	\$ 24,465,565	\$ 24,987,676	\$ 25,131,602
Program Revenues										
Governmental activities:										
Charges for services:	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	291,289	329,051	320,929
Instruction (tuition)	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	541,351	549,040	735,524	758,830	804,434	896,603	1,100,146	675,834	765,300	628,155
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	541,351	549,040	735,524	758,830	804,434	896,603	1,100,146	967,123	1,094,351	949,084
Business-type activities:										
Charges for services:	-	-	-	-	-	-	-	-	-	-
Child care	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	75,760	79,327	87,240	97,120	108,606	113,227	134,293	147,381	161,887	161,789
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	75,760	79,327	87,240	97,120	108,606	113,227	134,293	147,381	161,887	161,789
Total district program revenues	\$ 617,111	\$ 628,367	\$ 822,764	\$ 855,950	\$ 913,040	1,009,830	1,234,439	1,114,504	1,256,238	1,110,873
Net (Expense)/Revenue										

Borough of Kenilworth Board of Education
Changes in Net position
Last Ten Fiscal Years
(accrual basis of accounting)
Fiscal Year Ending June 30,

Exhibit J-2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Business-type activities	\$ (14,940,776)	\$ (16,952,726)	\$ (17,694,326)	\$ (18,471,999)	\$ (19,979,897)	(20,896,231)	(21,767,093)	(23,052,603)	(23,374,022)	(23,694,263)
Total district-wide net expense	(285,599)	(305,115)	(346,720)	(43,638)	17,877	(12,991)	(336,073)	(298,458)	(357,416)	(306,466)
	<u>\$ (15,226,375)</u>	<u>\$ (17,257,841)</u>	<u>\$ (18,041,046)</u>	<u>\$ (18,515,637)</u>	<u>\$ (19,962,020)</u>	<u>(20,909,222)</u>	<u>(22,103,166)</u>	<u>(23,351,061)</u>	<u>(23,731,438)</u>	<u>(24,000,729)</u>
General Revenues and Other Changes in Net position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 11,513,372	\$ 12,598,662	\$ 13,449,560	\$ 14,133,275	\$ 14,791,143	14,791,143	15,208,753	16,197,614	16,244,515	16,244,515
Taxes levied for debt service	283,381	289,598	253,363	294,667	303,376	309,592	594,933	700,725	653,823	690,794
Unrestricted grants and contributions	2,697,541	3,006,596	3,269,521	3,703,759	3,861,700	4,974,665	5,538,380	4,730,353	5,691,293	6,690,044
Investment Income	4,399	20,339	46,242	83,746	51,540	10,077	1,775	-	-	-
Tuition Received	401,831	329,990	326,572	383,712	388,332	445,679	275,781	305,839	-	-
Miscellaneous income	342,411	413,689	312,905	452,857	300,926	277,712	219,829	63,186	253,922	177,111
Other (Bond Proceeds)	-	-	-	-	-	13,921,859	50,450	408,880	-	-
Transfers	63,309	-	-	(15,000)	-	-	-	-	-	-
Total governmental activities	<u>15,306,244</u>	<u>16,658,874</u>	<u>17,658,163</u>	<u>19,037,016</u>	<u>19,697,017</u>	<u>34,730,727</u>	<u>21,889,901</u>	<u>22,406,597</u>	<u>22,843,553</u>	<u>23,802,464</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 15,306,244</u>	<u>\$ 16,658,874</u>	<u>\$ 17,658,163</u>	<u>\$ 19,037,016</u>	<u>\$ 19,697,017</u>	<u>\$ 34,730,727</u>	<u>\$ 21,889,901</u>	<u>\$ 22,406,597</u>	<u>\$ 22,843,553</u>	<u>\$ 23,802,464</u>
Change in Net position										
Governmental activities	\$ 365,468	\$ (293,852)	\$ (36,163)	\$ 565,017	\$ (282,880)	13,834,496	122,808	(646,006)	(530,469)	108,201
Business-type activities	(285,599)	(305,115)	(346,720)	(43,638)	17,877	(12,991)	13,939	(298,458)	(357,416)	(306,466)
Total district	<u>\$ 79,869</u>	<u>\$ (598,967)</u>	<u>\$ (382,883)</u>	<u>\$ 521,379</u>	<u>\$ (265,003)</u>	<u>\$ 13,821,505</u>	<u>\$ 136,747</u>	<u>\$ (944,464)</u>	<u>\$ (887,885)</u>	<u>\$ (198,265)</u>

Source: CAFR Schedule A-2

Borough of Kenilworth Board of Education
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-3

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 277,019	\$ 333,944	\$ 299,688	\$ 912,670	313,558	297,941	405,015	854,507	1,460,181	1,921,935
Interfund Receivable	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	58,188
Unreserved	407,981	361,005	305,515	167,011	242,614	296,815	236,122	184,261	306,434	154,927
Total general fund	\$ 685,000	\$ 694,949	\$ 605,203	\$ 1,079,681	\$ 556,172	\$ 594,756	\$ 641,137	\$ 1,038,768	\$ 1,766,615	\$ 2,135,050
All Other Governmental Funds										
Reserved	\$ 14,452	\$ -	\$ -	\$ -	\$ -	\$ 3,481,465	\$ 533,531	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	(1,058)	(950)	(468)	-	(1,088)	-	-	180,195	51,437	89,999
Capital projects fund	-	-	-	-	-	9,920,376	7,713,456	1,717,992	448,392	325,878
Debt service fund	36,803	36,804	2	1	-	20,905	20,905	51,346	3	313
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 50,197	\$ 35,854	\$ (466)	\$ 1	\$ (1,088)	\$ 13,422,746	\$ 8,267,892	\$ 1,949,533	\$ 499,832	\$ 416,190
Total all Governmental Funds:	\$ 735,197	\$ 730,803	\$ 604,737	\$ 1,079,682	\$ 555,084	\$ 14,017,502	\$ 8,909,029	\$ 2,988,301	\$ 2,266,447	\$ 2,551,240

Source: CAFR Schedule B-1

**Borough of Kenilworth Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues											
Tax levy	\$ 11,398,815	\$ 11,796,753	\$ 12,888,260	\$ 13,702,923	\$ 14,427,942	15,094,519	15,100,735	15,803,886	16,898,339	16,898,338	16,935,309
Tuition charges	332,256	401,831	329,990	326,572	383,712	388,332	445,679	275,781	291,289	329,051	320,292
Interest earnings	7,198	4,399	20,339	46,242	83,746	51,540	10,077	1,775	359	-	-
Miscellaneous	423,453	342,411	413,689	458,364	512,186	336,242	361,866	264,856	437,973	267,122	190,511
State sources	2,476,982	2,903,078	3,207,889	3,509,098	3,944,266	4,225,687	5,225,324	5,461,999	4,922,284	5,835,640	6,871,595
Federal sources	246,072	335,814	347,747	350,970	458,994	405,131	561,790	1,131,500	414,286	609,467	487,204
Total revenue	14,884,776	15,784,286	17,207,914	18,394,169	19,810,846	20,501,451	21,705,471	22,839,597	22,964,540	23,939,618	24,804,911
Expenditures											
Instruction											
Regular instruction	4,719,476	4,974,326	5,981,295	5,647,858	5,473,702	6,372,365	6,330,212	6,342,960	6,566,437	6,781,906	7,176,047
Special education instruction	811,567	916,794	943,266	1,791,616	1,583,879	2,092,304	2,085,007	2,427,121	2,154,051	2,182,235	2,320,339
Other special instruction	209,922	179,050	230,406	215,019	178,577	205,018	338,602	483,754	495,497	317,117	373,782
Vocational education	-	-	-	-	-	-	-	-	-	-	-
Other instruction	395,131	439,621	476,347	522,319	544,693	578,260	595,501	560,607	423,406	455,915	506,685
Nonpublic school programs	148,345	185,320	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-	-
Support Services:											
Tuition	1,001,180	937,344	947,803	1,026,854	1,186,212	1,057,646	1,276,859	1,405,506	1,508,674	1,792,435	1,670,299
Student & instruction related services	1,603,343	1,621,165	1,676,547	1,695,100	2,137,314	1,941,029	2,231,134	2,124,053	2,033,536	2,101,647	2,127,791
General administrative services	456,671	530,563	676,551	740,765	712,169	705,949	704,257	565,642	528,848	536,303	615,750
School Administrative services	531,573	494,853	401,091	541,482	548,182	548,861	564,984	540,018	538,473	524,145	580,411
Information Technology	-	-	-	132,719	174,256	226,471	238,268	259,645	226,310	189,323	194,879
Business administrative services	263,733	286,349	284,251	296,159	297,149	306,944	325,790	334,945	296,546	332,862	288,741
Plant operations and maintenance	1,251,185	1,464,031	1,349,386	1,417,873	1,448,681	1,457,264	1,555,870	1,541,424	1,432,142	1,389,621	1,378,877
Pupil transportation	567,540	459,864	446,357	418,803	508,048	492,173	508,005	547,152	568,453	649,657	616,852
Unallocated employee benefits	2,317,181	2,675,230	3,302,478	3,586,566	4,033,932	4,443,119	4,220,661	4,549,069	4,641,951	4,798,339	5,529,995
Special Schools	26,812	40,401	15,194	42,618	49,064	52,887	61,855	43,018	34,938	46,429	45,116
Charter Schools	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	1,304,296	120,440	57,365	33,191	32,646	110,329	4,176,373	2,206,920	6,511,448	1,313,315	135,511
Debt service:											
Principal	195,000	210,000	230,000	255,000	275,000	300,000	325,000	345,000	360,000	375,000	385,000
Interest and other charges	165,979	156,255	179,519	156,292	143,343	129,285	113,999	574,673	646,165	628,862	610,231
ARRA/education Jobs	-	-	-	-	-	-	-	273,016	-	127,692	-
Total expenditures	15,967,934	15,691,626	17,197,856	18,520,234	19,327,047	21,019,904	25,646,377	25,124,523	28,966,875	24,543,003	24,556,306
Excess (Deficiency) of revenues over (under) expenditures	(1,083,158)	92,660	10,058	(126,065)	483,799	(518,453)	(3,940,906)	(2,184,926)	(6,002,335)	(603,385)	248,605
Other Financing sources (uses)											
Capital leases (non-budgeted)	-	-	-	-	-	-	-	-	-	-	-
Sale of Bonds	-	-	-	-	-	-	13,900,000	-	-	-	-
State of NJ Grant	-	-	-	-	-	-	39,100	-	-	-	-
2009-2010 budget appropriation	-	-	-	-	-	-	58,650	-	-	-	-
Cancel Accounts Receivable	-	-	-	-	-	-	(3,800)	-	-	-	-
Adjustment prior year refund	-	-	-	-	-	-	(72,091)	50,450	(26,901)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	13,921,859	50,450	(26,901)	-	-
Debt service as a percentage of noncapital expenditures	2.5%	2.4%	2.4%	2.2%	2.2%	2.1%	2.0%	4.0%	4.5%	4.3%	4.1%

Source: CAFR Schedule B-2

Borough of Kenilworth Board of Education
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Misc.	UCRHS #1	Contribution EE Benefits	E-Rate	Choice Trans	Total
2004	\$ 4,399	\$ 396,656	\$ 201,655	\$ 136,890	\$ -	\$ -	\$ -	\$ -	\$ 739,599
2005	\$ 20,339	\$ 296,991	\$ 187,950	\$ 119,494	\$ -	\$ -	\$ -	\$ -	\$ 624,774
2006	\$ 46,242	\$ 326,572	\$ 207,774	\$ 114,323	\$ -	\$ -	\$ -	\$ -	\$ 694,911
2007	\$ 83,746	\$ 383,712	\$ 208,432	\$ 173,028	\$ 105,002	\$ -	\$ -	\$ -	\$ 953,920
2008	\$ 51,540	\$ 388,332	\$ 147,060	\$ 154,105	\$ -	\$ -	\$ -	\$ -	\$ 741,036
2009	\$ 10,078	\$ 436,370	\$ 100,603	\$ 171,405	\$ -	\$ -	\$ -	\$ -	\$ 718,456
2010	\$ 1,775	\$ 273,386	\$ 84,420	\$ 70,082	\$ -	\$ 23,514	\$ 18,145	\$ -	\$ 471,322
2011	\$ 359	\$ 305,839	\$ 89,367	\$ 22,692	\$ -	\$ 212,178	\$ 25,501	\$ 30,046	\$ 685,983
2012	\$ 26	\$ 342,451	\$ 82,990	\$ 22,294	\$ -	\$ -	\$ 21,946	\$ 85,359	\$ 555,066
2013	\$ -	\$ 320,292	\$ 99,434	\$ 41,398	\$ -	\$ -	\$ 9,268	\$ -	\$ 470,392

Source: District Records

Borough of Kenilworth Board of Education
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

Fiscal Year Ended June 30	Vacant Land	Residential	Farm Reg.	Qlarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Personal Tangible Property	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2003								\$ 857,338,445	\$ -	\$ -	\$ 857,338,445	-	
2004								\$ 867,210,589	\$ -	\$ -	\$ 867,210,589	1.376	
2005								\$ 867,210,589	\$ -	\$ -	\$ 867,210,589	1.486	
2006								\$ 878,209,626	\$ -	\$ -	\$ 878,209,626	1.573	
2007	\$ 7,721,600	\$ 437,504,000	\$ -	\$ -	\$ 84,092,700	\$ 350,484,400	\$ -	\$ 879,802,700	\$ -	\$ 421,023	\$ 880,223,723	1.715	
2008	\$ 7,644,800	\$ 440,025,800	\$ -	\$ -	\$ 83,304,600	\$ 350,045,300	\$ -	\$ 881,020,500	\$ -	\$ 530,873	\$ 881,551,373	1.714	
2009*	\$ 7,644,800	\$ 440,025,800	\$ -	\$ -	\$ 83,304,600	\$ 350,045,300	\$ -	\$ 881,020,500	\$ -	\$ 530,873	\$ 881,551,373	1.714	
2010	\$ 7,315,200	\$ 441,568,500	\$ -	\$ -	\$ 88,612,800	\$ 344,834,100	\$ -	\$ 882,330,600	\$ -	\$ 570,873	\$ 882,901,473	1.790	
2011	\$ 8,661,300	\$ 443,985,500	\$ -	\$ -	\$ 87,613,500	\$ 341,525,500	\$ -	\$ 881,785,800	\$ -	\$ 653,117	\$ 882,438,917	1.914	
2012	\$ 8,489,400	\$ 445,497,400	\$ -	\$ -	\$ 86,755,600	\$ 304,366,400	\$ -	\$ 845,108,800	\$ -	\$ 669,606	\$ 845,778,406	2.003	
2013	\$ 7,816,300	\$ 448,142,500	\$ -	\$ -	\$ 85,952,000	\$ 269,868,100	\$ -	\$ 811,778,900	\$ -	\$ 654,527	\$ 812,433,427	2.119	

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

**Borough of Kenilworth Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Kenilworth Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General			Kenilworth Borough	County Open Space	Union County	
	Basic Rate ^a	Obligation Debt Service ^b	Total Direct				
2004	1.376		1.376	0.727		0.555	2.658
2005	1.486		1.486	0.727		0.600	2.813
2006	1.573		1.573	0.806		0.650	3.029
2007	1.644		1.644	0.875		0.712	3.231
2008	1.715		1.715	0.979		0.724	3.418
2009	1.714		1.714	1.0730		0.719	3.506
2010	1.790		1.790	1.1420	0.033	0.759	3.724
2011	1.914		1.914	1.198	0.031	0.769	3.912
2012	2.003		2.003	1.28	0.028	0.83	4.141
2013	2.119		2.119	1.337	0.027	0.899	4.382

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calcu

^a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

^b Rates for debt service are based on each year's requirements.

Borough of Kenilworth Board of Education
Principal Property Tax Payers,
Current Year and Ten Years Ago

Exhibit J-8

Taxpayer	2013				2003			
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	
Merck (Schering 2002)	\$ 177,667,000	1	20.15%		\$ 222,925,500	1	26.39%	
Castle & Cooke, NJ, LLC	\$ 7,867,100	2	0.89%		N/A			
Kenilworth-Grocery/Berenson	\$ 7,643,700	3	0.87%		\$ 9,031,800	2	1.07%	
Boright Realty	\$ 7,426,800	4	0.84%		\$ 8,888,300	3	1.05%	
Cristie Properties	\$ 6,903,600	5	0.78%		N/A			
FDV Realty	\$ 4,605,100	6	0.52%		N/A			
ADHP Real Estate	\$ 4,500,000	7	0.51%		N/A			
Gibbons, Anne t/a Elberon Dev	\$ 3,850,000	8	0.44%		4,494,700	8	0.53%	
K'Worth Storage, LLC	\$ 3,400,000	9	0.39%		4,800,000	7	0.57%	
Brix Kenilworth, LLC	\$ 3,300,000	10	0.37%		N/A			
Total	\$ 227,163,300		25.76%		\$ 250,140,300		29.61%	

Total Assessed Value: \$ 881,785,800

Source: Municipal Tax Assessor -

Borough of Kenilworth Board of Education
Property Tax Levies and Collections,
Last Ten Fiscal Years

Exhibit J-9

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 21,494,055	\$ 21,289,261	99.05%	-
2003 #	\$ 22,967,056	\$ 22,745,128	99.03%	-
2004	\$ 22,557,483	\$ 22,366,989	99.16%	-
2005	\$ 26,495,651	\$ 26,333,998	99.39%	-
2006	\$ 28,454,280	\$ 28,299,449	99.21%	-
2007	\$ 30,142,041	\$ 29,870,456	99.10%	-
2008	\$ 31,211,235	\$ 30,964,141	99.21%	-
2009	\$ 32,926,959	\$ 32,599,772	99.01%	-
2010	\$ 34,596,919	\$ 34,292,005	99.11%	-
2011	\$ 35,096,203	\$ 34,691,680	98.84%	-
2012	\$ 35,083,414	\$ 34,773,275	99.11%	-

Source: Borough Tax Office

**Borough of Kenilworth Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	#	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Total District		
	#						
2003		3,300,000	-	767,321	4,067,321	0.99%	\$ 40,181
2004		3,500,000	-	601,086	4,101,086	0.98%	\$ 40,181
2005		3,270,000	-	351,159	3,621,159	1.11%	\$ 40,181
2006		3,015,000	-	106,637	3,121,637	1.29%	\$ 40,181
2007		2,740,000	-	37,600	2,777,600	1.45%	\$ 40,181
2008		2,440,000	-	38,531	2,478,531	1.62%	\$ 40,181
2009		16,015,000	-	40,000	16,055,000	0.25%	\$ 40,181
2010		15,670,000	-	-	15,670,000	0.19%	\$ 29,831
2011		15,310,000	-	-	15,310,000	0.19%	\$ 29,831
2012		14,935,000	-	-	14,935,000	0.20%	\$ 29,831
2013		14,550,000	-	-	14,550,000	0.21%	\$ 29,831

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

Borough of Kenilworth Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding				Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Additions	Deductions	Net General Bonded Debt Outstanding		
2003	3,495,000		195,000	3,300,000	0.12%	#REF!
2004	3,300,000		210,000	3,090,000	0.10%	\$ 402.61
2005	3,090,000		230,000	2,860,000	0.09%	\$ 372.64
2006	3,270,000		255,000	3,015,000	0.10%	\$ 392.83
2007	3,015,000		275,000	2,740,000	0.09%	\$ 357.00
2008	2,740,000		300,000	2,440,000	0.08%	\$ 317.92
2009	2,440,000	13,900,000	325,000	16,015,000	0.52%	\$ 2,086.64
2010	16,015,000	-	345,000	15,670,000	0.51%	\$ 1,980.04
2011	15,670,000		360,000	15,310,000	0.50%	\$ 1,934.55
2012	15,310,000		375,000	14,935,000	0.48%	\$ 1,887.16
2013	14,935,000		385,000	14,550,000	0.47%	\$ 1,813.08

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

Borough of Kenilworth Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2012

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Kenilworth (12-31-12)	9,663,503	100.000%	9,663,503
Other debt			
County of Union - Borough's Share	12,896,015	100.000%	12,896,015
Rahway Valley Sewerage Authority	8,326,274	100.000%	8,326,274
Subtotal, overlapping debt			30,885,792
Kenilworth Borough School District Direct Debt			<u>14,935,000</u>
Total direct and overlapping debt			<u><u>\$ 45,820,792</u></u>

Sources: Borough of Kenilworth Tax Office
School District Records
County of Union (908-527-4099/4050)

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Kenilworth. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Legal Debt Margin Calculation

Equalized valuation basis	
2012	\$ 1,546,119,283
2011	\$ 1,627,211,294
2010	\$ 1,639,442,876
[A]	\$ 4,812,773,453

Average equalized valuation of taxable property [A/3] \$ 1,604,257,818

Debt limit (4% of average equalization value) 64,170,313 ^a
Net bonded school debt [C] 14,935,000
Legal debt margin [B-C] \$ 49,235,313

days after acquisition - Pool

Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 37,730,156	\$ 41,983,046	\$ 51,634,561	\$ 61,210,184	\$ 68,825,146	\$ 73,506,128	\$ 74,712,830	\$ 73,471,721	\$ 65,251,540	\$ 64,170,313
Loss of Business Income										
Total net debt applicable to limit	3,090,000	3,270,000	3,015,000	2,740,000	2,440,000	16,015,000	15,670,000	15,310,000	14,935,000	14,935,000
Legal debt margin	\$ 34,640,156	\$ 38,713,046	\$ 48,619,561	\$ 58,470,184	\$ 66,385,146	\$ 57,491,128	\$ 90,382,830	\$ 58,161,721	\$ 50,316,540	\$ 79,105,313
Total net debt applicable to the limit as a percentage of debt limit	8.19%	7.79%	5.84%	4.48%	3.55%	21.79%	20.97%	20.84%	22.89%	23.27%

Source: Abstract of Rates and District Records CAFR Schedule J-11

^a Limit set by NJSA 18A:24-19 for a K through 12 district

Borough of Kenilworth Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years

Exhibit J-14

Year	Kenilworth Population**	Personal Income (thousands of dollars)*	Per Capita Personal Income*	Unemployment Rate*
2004	7,675	22,302,888	42,064	5.70%
days after acq	7,675	23,376,232	44,047	4.60%
2006	7,675	-	-	5.00%
2007	7,675	-	-	4.50%
2008	7,675	-	-	5.50%
2009	7,675	-	-	9.80%
2010	7,914	23,608,253	29,831	9.60%
2011	7,914	23,608,253	29,831	10.10%
2012	7,914	23,608,253	29,831	10.20%
2013	8,025	23,608,253	34,519	9.20%

Source: NJ Dept of Labor and Workforce Development: http://lwd.dol.state.nj.us/labor/lpa/employ/emp_index.html
<http://www.economicmagic.com/em-cgi/data.exe/bls/bls/laucn34039003>
<http://quickfacts.census.gov/qfd/states/34/3436690.html>

* UNION County Figures

**2000 Census Figures through 2009; 2010 Census figures forward

Borough of Kenilworth Board of Education
Principal Employers,
Current Year and Nine Years Ago

Exhibit J-15

Employer	2013			2004		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
-	-	1	0.00%	-	1	0.00%
-	-	2	0.00%	-	2	0.00%
-	-	3	0.00%	-	3	0.00%
-	-	4	0.00%	-	4	0.00%
-	-	5	0.00%	-	5	0.00%
-	-	6	0.00%	-	6	0.00%
-	-	7	0.00%	-	7	0.00%
-	-	8	0.00%	-	8	0.00%
-	-	9	0.00%	-	9	0.00%
-	-	10	0.00%	-	10	0.00%
-	-		0.00%	-		0.00%
-	-		0.00%	-		0.00%

Source: Borough of Kenilworth

Not Available

Borough of Kenilworth Board of Education
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

Exhibit J-16

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction										
Regular	83	83	85	85	85	86	88.0	89.6	90.6	91.2
Special education	24	25	27	28	28	28	32.0	33.6	33.6	35.5
Other special education (CST)	5	5	6	6	6	6	6.5	7	7	7
Other instruction							8.0	8	8	9
Support Services:										
Student & instruction related services	-	-	-	-	17	17	10.0	11	11	11
General administrative services	2	2	2	2	2	2	7.0	7	7	7
School administrative services	11	11	11	11	11	11	8.5	8.5	8.5	8.9
Business administrative services	4	4	4	4	4	4	4.0	4	4	4
Plant operations and maintenance	14	14	14	14	14	14	8.5	8.5	8.5	8.5
Pupil transportation	-	-	-	-	0	0	0.0	0	0	0
Total	<u>160.0</u>	<u>161.0</u>	<u>166.0</u>	<u>167.0</u>	<u>168.0</u>	<u>172.5</u>	<u>177.2</u>	<u>178.2</u>	<u>182.1</u>	

Source: District Position Control Roster

Borough of Kenilworth Board of Education
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Elementary	Middle/High School				
2003	1,196	14,302,659	\$ 11,959	8.61%	102	13.7	10.90	1,176.90	1,124.70	1.63%	95.56%
2004	1,266	15,204,931	\$ 12,010	0.43%	104	13.4	11.10	1,110.00	1,050.70	-5.68%	94.66%
2005	1,281	16,444,292	\$ 12,837	6.88%	104	14.4	11.30	1,278.70	1,222.20	15.20%	95.58%
2006	1,359	17,631,879	\$ 12,974	1.07%	104	14.5	11.50	1,309.10	1,245.50	2.38%	95.14%
2007	1,316	18,876,058	\$ 14,344	10.55%	113	12.5	10.90	1,335.90	1,275.00	2.05%	95.44%
2008	1,346	20,480,290	\$ 15,216	6.08%	113.5	12.9	11.00	1,351.60	1,289.00	1.18%	95.37%
2009	1,314	21,031,005	\$ 16,005	5.19%	124	12.0	11.00	1,387.60	1,326.00	2.66%	95.56%
2010	1,367	21,997,930	\$ 16,092	0.54%	127	12.0	10.00	1,372.20	1,297.80	-1.11%	94.58%
2011	1,316	21,449,262	\$ 16,299	1.28%	127	11.9	10.7	1,339.90	1,276.10	-2.35%	95.24%
2012	1,332	22,098,134	\$ 16,590	1.79%	128	11.56	10.6	1,360.72	1,299.96	1.55%	95.53%
2013	1,400	23,425,564	\$ 16,733	0.86%	129.7	11.24	10.30	1,395.70	1,322.30	2.57%	94.74%

Sources: District records, ASSA and Schedules J-4, J-6, J-12; NJ School Report Card

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service, capital outlay and State Share of TPAF Pension; Schedule J-4

b Teaching staff includes only full-time equivalents of certificated staff - Position Control Roster.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Borough of Kenilworth Board of Education
School Building Information
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>District Building</u>											
<u>Elementary</u>											
Warren Harding (1923)											
Square Feet	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500
Capacity (students)	650	650	650	650	650	650	650	650	650	650	650
Enrollment	645	682	629	635	656	631	640	703	638	652	680
<u>Middle/High School</u>											
David Brearley (1966)											
Square Feet	147,910	147,910	147,910	147,910	147,910	147,910	147,910	147,910	147,910	150,267	150,267
Capacity (students)	804	804	804	804	804	804	804	804	804	804	804
Enrollment	659	672	672	708	752	694	701	664	678	680	716
DISTRICT TOTALS	1,304	1,354	1,301	1,343	1,408	1,325	1,341	1,367	1,316	1,332	1,396

Number of Schools at June 30, 2013

Elementary = 1

Middle/High School = 1

Source: District records-- School Register ADE

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

BOROUGH OF KENILWORTH BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST FIVE FISCAL YEARS
UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

School Facilities	Project # (s)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Warren Harding Elementary School	N/A	62,398	13,840	36,894	30,870	54,644	53,731	57,232	\$ 49,237	\$ 59,176	\$ 29,506
David Brearley Middle/High School	N/A	54,125	96,369	38,492	40,867	99,639	71,485	118,874	112,018	32,291	236,730
District Level	N/A	103,436	152,319	101,560	122,289	119,746	110,326	84,578	112,698	94,208	91,283
Total School Facilities		<u>219,959</u>	<u>262,528</u>	<u>176,946</u>	<u>194,026</u>	<u>274,029</u>	<u>235,542</u>	<u>260,684</u>	<u>273,953</u>	<u>185,675</u>	<u>357,519</u>

Source: Comprehensive Maintenance Plan and M-1 & District Records

**BOROUGH OF KENILWORTH BOARD OF EDUCATION
INSURANCE SCHEDULE
UNAUDITED**

Exhibit J-20

**NJ SCHOOL BOARDS INSURANCE FUND (NJSBAIG) JOINT INSURANCE FUND
2012-2013**

	Limits	Deductible
PROPERTY:		
Building & Personal Property - Pool	\$400,000,000	\$5,000
Equipment Breakdown - Pool	\$100,000,000	\$5,000
EDP - Electronic Data Processing Equip	\$350,000	\$1,000
Valuable Papers - Pool	\$10,000,000	\$5,000
Newly Acquired Property up to 120 days after acquisition - Pool	\$10,000,000	\$5,000
Auto Physical Damage	Per Schedule	\$1,000
Flood for properties in SFHA Zone - Pool	\$10,000,000	\$500,000 Building \$500,000 Contents
Flood for properties all other zones - Pool	\$50,000,000	\$10,000
Earthquake - Pool	\$50,000,000	\$5,000
Accounts Receivable - Pool	\$250,000	
Fine Arts (if scheduled) - Pool	\$1,000,000	\$5,000 None scheduled
Loss of Rents	\$250,000	\$5,000
Loss of Business Income	\$760,000	\$5,000
CRIME & FIDELITY:		
Money & Securities	\$100,000	\$500
Public Employee Dishonesty	\$250,000	\$1,000
COMMERCIAL GENERAL & AUTO LIABILITY :		
Limit of Liability; Per Occurrence	\$16,000,000	
SCHOOL LEADERS PROFESSIONAL LIABILITY		
Limit of Liability; Per Occurrence/Aggregate	\$16,000,000	\$5,000
EMPLOYEE DISHONESTY BONDS:		
Treasurer off School Monies	\$250,000	
Board Secretary/Business Administrator	\$80,000	

Source: District Records

SINGLE AUDIT SECTION

Robert A. Hulsart and Company
 CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
 ROBERT A. HULSART, JR., C.P.A., P.S.A.
 RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
 (732) 280-8888
 e-mail:
 rah@monmouth.com

2807 Hurley Pond Road • Suite 100
 P.O. Box 1409
 Wall, New Jersey 07719-1409
 (732) 681-4990

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable President and Members
 of the Board of Education
 Kenilworth School District
 County of Union
 Kenilworth, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenilworth Board of Education, County of Union, State of New Jersey as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Kenilworth Board of Education, County of Union, State of New Jersey's basic financial statements, and have issued our report thereon dated December 2, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Kenilworth Board of Education, County of Union, State of New Jersey's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kenilworth Board of Education, County of Union, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kenilworth Board of Education, County of Union, State of New Jersey's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Kenilworth Board of Education, County of Union, State of New Jersey's financial statements are free from material misstatement, we performed tests of it compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

**Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey**

December 2, 2013

Robert A. Hulsart and Company
 CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
 ROBERT A. HULSART, JR., C.P.A., P.S.A.

 RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
 (732) 280-8888
 e-mail:
 rah@monmouth.com

2807 Hurley Pond Road • Suite 100
 P.O. Box 1409
 Wall, New Jersey 07719-1409
 (732) 681-4990

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
 PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
 BY OMB CIRCULAR A-133**

Honorable President and Members
 of the Board of Education
 Kenilworth School District
 County of Union
 Howell, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's major federal and state programs for the year ended June 30, 2013. The Board of Education of the Kenilworth School District, County of Union, State of New Jersey's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's internal control over compliance.

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or, significant deficiencies. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

**Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey**

December 2, 2013

KENILWORTH SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

K-3

Federal Grantor/ Pass-Through Grantor/ Project Title	Federal CFDA Number	Program or Award Amount	Grant Period		Balance at June 30, 2012	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance at June 30, 2013	
			From	To							(Accounts Receivable)	Deferred Revenue
U.S. Department of Agriculture Passed Through State Department of Education:												
National School Lunch Program	10.555	\$ 133,255	7/1/2012	6/30/2013	\$ -			107,816	(133,255)		(25,439)	
National School Lunch Program	10.555	135,608	7/1/2011	6/30/2012	(4,969)		4,969					
School Breakfast Program	10.553	4,740	7/1/2011	6/30/2012	(236)		236					
School Breakfast Program	10.553	3,236	7/1/2012	6/30/2013				2,481	(3,236)		(755)	
HHFKA	10.555	5,300	7/1/2012	6/30/2013				4,184	(5,300)		(1,116)	
Food Distribution Program	10.550	15,230	7/1/2012	6/30/2013				15,230	(15,230)			
Total U.S. Department of Agriculture					(5,205)	-	-	134,916	(157,021)	-	(27,310)	-
U.S. Department of Education Passed Through State Department of Education:												
Title I	84.010	146,936	9/1/2011	8/31/2012	(19,950)			19,950	(142,141)		(48,785)	
Title I	84.010	142,141	9/1/2012	8/31/2013				93,356	(22,770)		(940)	
Title IIA	84.367	22,270	9/1/2012	8/31/2013				21,830	(9,668)		(9,668)	
Title III	84.365	9,668	9/1/2012	8/31/2013				5,545	(9,953)		(4,408)	
IDEA Preschool	84.173	9,953	9/1/2012	8/31/2013	(6,552)			6,122	(304,951)		(430)	
IDEA Part B Basic	84.027	299,176	9/1/2011	8/31/2012				279,183	(489,483)		(25,768)	
IDEA Part B Basic	84.027	304,951	9/1/2012	8/31/2013	(26,502)	-	-	425,986	(89,999)	-	(89,999)	-
Total U.S. Department of Education					(31,707)	-	-	560,902	(646,504)	-	(117,309)	-
Total Federal Financial Assistance												

See Accompanying Notes to Schedules of Financial Assistance.

KENILWORTH SCHOOL DISTRICT

K-4

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2012	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance at June 30, 2013		MEMO	
			From	To						(Accounts Receivable)	Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures
Special Education Aid	13-495-034-5120-089	\$ 791,590	7/1/2012	6/30/2013	-	-	791,590	(791,590)	-	-	-	78,954	791,590
School Choice	13-495-034-5120-068	2,100,581	7/1/2012	6/30/2013	-	-	2,100,581	(2,100,581)	-	-	-	209,493	2,100,581
Equalization Aid	13-495-034-5120-078	1,274,381	7/1/2012	6/30/2013	-	-	1,274,381	(1,274,381)	-	-	-	127,128	1,274,381
Security Aid	13-495-034-5120-084	31,824	7/1/2012	6/30/2013	-	-	31,824	(31,824)	-	-	-	3,158	31,824
Transportation Aid	13-495-034-5120-014	23,881	7/1/2012	6/30/2013	-	-	23,881	(23,881)	-	-	-	2,358	23,881
Extraordinary Aid	13-495-034-5120-044	118,663	7/1/2012	6/30/2013	-	-	-	(118,663)	-	-	-	-	118,663
Extraordinary Aid	12-495-034-5120-044	257,776	7/1/2011	6/30/2012	(257,776)	-	257,776	-	-	-	-	-	-
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	13-100-034-5095-002	732,762	7/1/2012	6/30/2013	-	-	696,498	(732,762)	-	(36,264)	-	-	732,762
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	12-100-034-5095-002	713,642	7/1/2011	6/30/2012	(35,496) (293,272)	-	35,496 5,212,027	(5,073,682)	-	(154,927)	-	421,091	5,073,682
State Department of Agriculture: National School Lunch Program (State Share)	12-100-010-3350-023	4,950	7/1/2011	6/30/2012	(170)	-	170	-	-	-	-	-	-
National School Lunch Program (State Share)	13-100-010-3350-023	4,768	7/1/2012	6/30/2013	(170)	-	3,603 3,773	(4,768) (4,768)	-	(1,165) (1,165)	-	-	4,768 4,768
Debt Service Aid Type II	13-495-034-5120-125	30,060	7/1/2012	6/30/2013	-	-	300,060	(300,060)	-	-	-	-	300,060
Special Revenue: Nonpublic Aid: Textbook Aid	12-495-034-5120-064	10,949	7/1/2011	6/30/2012	33	-	-	-	(33)	-	-	-	-
Textbook Aid	13-495-034-5120-064	10,938	7/1/2012	6/30/2013	-	-	10,938	(10,914)	-	-	-	-	10,914
Nursing Services	12-100-034-5120-070	15,640	7/1/2011	6/30/2012	871	-	-	-	(871)	-	-	-	-
Nursing Services	13-100-034-5120-070	15,181	7/1/2012	6/30/2013	-	-	15,181	(11,559)	-	-	-	-	11,559
Technology Aid	13-100-034-5120-373	4,037	7/1/2012	6/30/2013	-	-	4,037	(3,912)	-	-	-	-	3,912
Compensatory Education	12-100-034-5120-067	87,069	7/1/2011	6/30/2012	26,205	-	-	-	(26,205)	-	-	-	-
Compensatory Education	13-100-034-5120-067	90,297	7/1/2012	6/30/2013	-	-	90,297	(90,297)	-	-	-	-	90,297
English as a Second Language	13-100-034-5120-067	1,365	7/1/2012	6/30/2013	-	-	1,365	(853)	-	-	-	-	853
Transportation	13-100-034-5120-067	8,629	7/1/2012	6/30/2013	-	-	8,629	(8,629)	-	-	-	-	8,629
Examination and Classification Initial	12-100-034-5120-066	16,895	7/1/2011	6/30/2012	2,253	-	-	-	(2,253)	-	-	-	-
Examination and Classification Initial	13-100-034-5120-066	22,280	7/1/2012	6/30/2013	-	-	22,280	(22,280)	-	-	-	-	22,280
Examination and Classification Annual	13-100-034-5120-066	5,746	7/1/2012	6/30/2013	-	-	5,746	(5,746)	-	-	-	-	5,746
Corrective Speech	12-100-034-5120-066	15,007	7/1/2011	6/30/2012	6,129	-	-	-	(6,129)	-	-	-	-
Corrective Speech	13-100-034-5120-066	15,624	7/1/2012	6/30/2013	-	-	15,624	(7,031)	-	-	-	-	7,031
Supplemental Instruction	13-100-034-5120-066	20,330	7/1/2012	6/30/2013	-	-	20,330	(20,330)	-	-	-	-	20,330
					35,491	-	194,427	(181,551)	(35,491)	-	-	-	181,551
Total State Financial Assistance					\$ (257,951)	-	5,710,287	(5,560,061)	(35,491)	(156,092)	-	421,091	5,560,061

See Accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION

K-5

KENILWORTH SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2013****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Kenilworth School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting and than recorded in the special revenue fund which are presented using the budgetary basis of accounting. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

The general-purpose financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

NOTE 3: Relationship to General Purpose Financial Statements

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>					
Actual Amounts (Budgetary)					
“Revenues” from the Schedule					
of Expenditures of State					
Financial Assistance	\$ 5,073,682	181,551	300,060	4,768	5,560,061
Difference – Budget to “GAAP”					
Grant Accounting Budgetary					
Basis Differs from GAAP					
in that Encumbrances are					
Recognized as Expenditures					
and the Related Revenue					
is Recognized					
On Behalf Payments					
Recognized for GAAP					
Statements but Not					
Included in the Schedule					
of Expenditures of State					
Financial Assistance	1,351,267				1,351,267
The Last State Aid Payment					
Is Recognized as Revenue					
for Budgetary Purposes,					
and Differs from GAAP					
Which does not Recognize					
This Revenue Until the					
Subsequent Year When the					
State Recognizes the Related					
Expense (GASB 33)	<u>(34,965)</u>	<u> </u>	<u> </u>	<u> </u>	<u>(34,965)</u>
Total State Revenue as Reported					
on the Statement of Revenues,					
Expenditures and Changes in					
Fund Balances	<u>\$ 6,389,984</u>	<u>181,551</u>	<u>300,060</u>	<u>4,768</u>	<u>6,876,363</u>

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>					
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$	489,483		157,021	646,504
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	—	(2,279)	—	—	(2,279)
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	\$ 0	487,204	—	157,021	644,225

NOTE 4: Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state of behalf of the District for the year ended June 30, 2013. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2013.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Part 1 - Summary of Auditor's Results

Financial Statement Section

Unmodified

(A) Type of auditor's report issued:

(B) Internal control over financial reporting:

1) Material weakness(es) identified? _____ Yes ☒ No

2) Were reportable conditions(s) identified that were not considered to be material weaknesses? ☒ Yes _____ No

(C) Noncompliance material to general purpose financial statements noted?

_____ Yes ☒ No

Federal Awards Section

(D) Dollar threshold used to determine Typed A programs:

\$300,000

(E) Auditee qualified as low-risk auditee?

☒ Yes _____ No

(F) Type of auditor's report on compliance for major programs:

Unmodified

(G) Internal control over compliance:

1) Material weakness(es) identified? _____ Yes ☒ No

2) Were reportable condition(s) identified that were not considered to material weaknesses? _____ Yes ☒ No

(H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))?

_____ Yes ☒ No

(I) Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027

I.D.E.A. Part B Basic (Special Education Cluster)

84.173

IDEA Preschool (Special Education Cluster)

BOROUGH OF KENILWORTH SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS****K-6****FOR THE FISCAL YEAR ENDED JUNE 30, 2013*****Part 1 - Summary of Auditor's Results (Continued)*****State Awards Section**

- (J) Dollar threshold used to determine Type A programs: \$300,000
- (K) Auditee qualified as low-risk auditee? x Yes No
- (L) Type of auditor's report on compliance for major programs: Unmodified
- (M) Internal control over compliance:
- (1) Material Weakness(es) identified? Yes x No
- (2) Were reportable condition(s) identified that were
 not considered to material weaknesses? Yes x No
- (N) Any audit findings disclosed that are required to be reported
 in accordance with N.J. OMB's Circular 04-04? Yes x No
- (O) Identification of major programs:

GMIS Number(s)

13-495-034-5120-089

13-495-034-5120-068

13-100-034-5095-002

13-495-034-5120-030

13-495-034-5120-125

13-495-034-5120-084

Name of State Program

Special Education Aid (Public Cluster)

School Choice (Public Cluster)

Reimbursed TPAF Social Security Contributions

Equalization Aid (Public Cluster)

Debt Service Aid Type II

Security Aid (Public Cluster)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Part 2 - Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Part 3 - Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS

Finding: None

State program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

BOROUGH OF KENILWORTH SCHOOL DISTRICT

114.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Part 3 - Schedule of Federal and State Award Findings and Questioned Costs

STATE AWARDS

Finding: None

State program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

BOROUGH OF KENILWORTH SCHOOL DISTRICT

115.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prior Audit Findings:

2012-1:

Follow-up procedures were performed and all salary charges were supported by employee time reports and no exceptions were noted in 2012-2013; corrective action was implemented and proper.